

NEWS: EUROPE

Stumpfe shakes pillar of labour law

The president of Germany's largest employers' federation has attacked the involvement of trade unions in company decision-making...

Gesamtmittel leader tells Wolfgang Münchau that union role on German boards is bad for business

workers representatives in large companies have the right to a strong representation on the supervisory board...

employees and management. "In many companies, where the employer is depending on support from trade unions...

regionally wage bargaining, depended on the readiness of unions to embrace flexibility...

employers. "They don't want to wait for two years for a good wage agreement; they want it now. They are more intolerant; they are no longer prepared to say that something is halfright. They now say that it is wrong."

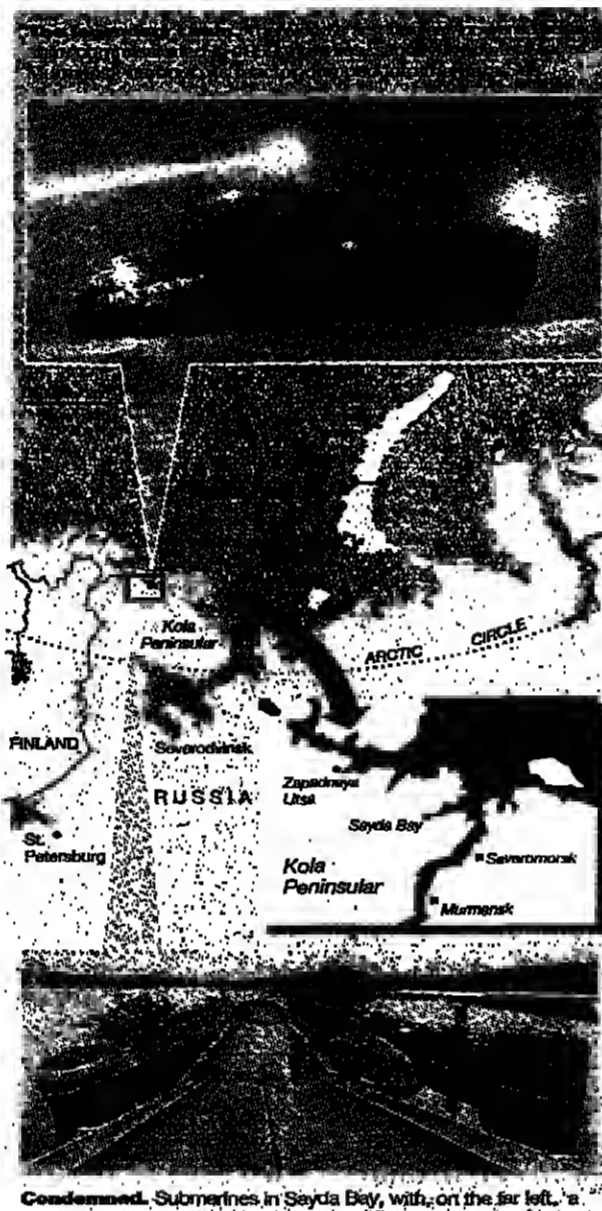
Cold war leaves hot legacy for Russians

Navy sits on its hands while unwanted nuclear vessels rot in port, writes Matthew Kaminski

The detention on charges of treason of a Russian former naval officer, who quickly became known as the new Russia's first prisoner of conscience...

Plans to decommission 88 nuclear submarines are hampered by the high cost of doing so. It takes Rb22bn (\$2m) to dismantle and dispose of safely a single Yankee class vessel...

ahead of time through Moscow, making co-operation difficult. Even the Russian state radiation protection authority, Gosatomnadzor, is denied access to information about the Northern Fleet.



Consolidated. Submarines in Seyda Bay, with on the far left, a moored reactor section.

A large accumulation of old nuclear submarines and worn out reactors near the Arctic Circle has raised concern among environmentalists, but Russia cannot afford to repair them...

The Northern Fleet has 270 reactors but lacks the cash to look after them properly

are claimed to be in similarly precarious condition. A Norwegian diplomat in Murmansk said radioactive waste and six nuclear reactors had been dumped in the Kara Sea...

Next to it is the Lepshe, whose 62-year-old brown hull provides improvised storage for radioactive waste picked up over years of refuelling atomic icebreakers at sea.

countries are ready to help, the Russian government wants us to pay a tax on the aid, so we are reluctant to take it.

spell out the charges against him. Mr Yuri Berger, deputy governor in the Murmansk region, argues that the nuclear reactors and waste pose no real threat to the population or the economy.

Environment concerns centre on the Murmansk region. By the end of the cold war, 67 of Russia's 109 nuclear submarines were based there, but there was no plan for their maintenance and future disposal.

French national savings bank may gain form of mutuality

proposals to parliament for new legislation. France's commercial banks accuse the Caisse d'Epargne of distorting competition. They say it can undercut them as it does not pay dividends to investors.

The Centre National des Caisses d'Epargne, which controls the network, is 65 per cent owned by 35 regional savings banks, with the remainder held by the state-backed financial institution Caisse des Dépôts et des Consignations.

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profits as a "social dividend" to community causes, formalising a long-standing practice. Officials said yesterday there was no question of the institution becoming like a commercial bank or a limited company.

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Move to charge Bossi with slander and threats

Magistrates in northern Italy have asked parliamentary immunity to be removed from Mr Umberto Bossi, leader of the populist Northern League, so they can charge him with slander, threatening behaviour and incitement.

The charges relate to two speeches by Mr Bossi last summer, in which he is said to have told his followers they would "go from house to house to get" people who voted for the rightist National Alliance (AN).

Berlusconi government, claimed the move sought to limit freedom of expression. An earlier attempt to prosecute the League for allegedly sabotaging the constitution failed on the grounds that expressing an opinion "was not a crime".

The present centre-left coalition government and the previous technocratic administration have sought to avoid a judicial confrontation with Mr Bossi, in case it backfired and made him a "martyr" for the cause of northern separatism.

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EUROPEAN NEWS DIGEST

Brussels talks set on VW aid

Mr Günter Rexrodt, Germany's economics minister, will meet Mr Karel Van Miert, EU competition commissioner, in Brussels on Friday in an attempt to settle the dispute between the European Commission and the German state of Saxony over aid to the car manufacturer Volkswagen.

Sweden's balance of payments surplus in the 12 months to June reached SKr3.6bn (\$6.5bn), or 2.6 per cent of gross national product, its highest percentage since 1973, the central bank reported yesterday.

Gdansk shipyard plan dropped. Liquidators at Poland's bankrupt Gdansk shipyard have cancelled a management rescue plan to lease 60 per cent of the yard's assets to a new company, the New Gdansk Shipyard.

Bulgarian refinery may close. Bulgaria's cabinet has decided to close the debt-ridden Plama oil refinery, which produces 80 per cent of the country's lubricating oils, if no buyer can be found by December.

Fifth bomb blast in Corsica. A powerful bomb yesterday damaged the office of the central government representative in Sartene, Corsica. It was the fifth bombing of a public building on the French Mediterranean island, riven by separatist strife, in just over a week.

Riviera rail strike over. French Riviera train conductors ended a 36-hour strike yesterday which had forced the SNCF state railway company to cancel five inter-city trains between Marseilles and Nice and 75 per cent of regional traffic on Monday.

Italian producer prices in June rose 0.6 per cent from a year earlier but fell 0.2 per cent from the previous month. The Danish consumer price index fell 0.2 per cent in July from June, bringing the year-on-year rise to 2.3 per cent compared to 2.0 per cent in June.

Move to charge Bossi with slander and threats

Magistrates in northern Italy have asked parliamentary immunity to be removed from Mr Umberto Bossi, leader of the populist Northern League, so they can charge him with slander, threatening behaviour and incitement.

Large vertical advertisement on the right side of the page, partially cut off, with text including 'Challenge', 'role nar', 'reens tu', 'fight U', and 'FREE'.

Republican challenger reaps benefits from last week's party convention

Dole narrows Clinton poll lead

By Jurek Martin in Washington

Mr Bob Dole appears to have met his pre-Republican convention goal of substantially narrowing US president Bill Clinton's large lead in the political opinion polls.

Four surveys now put the gap at 3-11 points, a far cry from the 20-point deficit commonplace before the San Diego gathering and before Mr Dole chose Mr Jack Kemp as his running mate.

But a close analysis of the data, specifically the days on

which the polls were taken, suggests that Mr Dole enjoyed his biggest "bounce" last Thursday, when he delivered his acceptance speech, and Friday. Surveys conducted through the week-end suggested the gap might be widening again.

That was the evidence of the three-day New York Times/CBS poll, completed on Sunday, which had the president ahead by 50-39 points. Its Friday polling had the two men in a tie, but Mr Clinton's rating began to pick up over the next two

days. Still, the overall result represents a gain of 5 points for Mr Dole and a loss of 6 points for the president, satisfactory enough from a Republican standpoint.

The CNN/USA Today poll, conducted by Gallup from Friday to Sunday, had Mr Dole down by 5 points (51-46). ABC's, taken on Friday and Sunday, had the same margin (49-44); and Newsweek's, taken on Thursday and Friday only, found the two 3 points apart at 48-45.

The presence of Mr Ross

Perot of the Reform party appeared marginally to have benefited Mr Clinton in both the New York Times and CNN polls. The first reported 49 per cent for the president, 37 per cent for Mr Dole and 8 per cent for Mr Perot, while the second split 49-41-7.

All polls may be subject to revision in the wake of next week's Democratic party convention in Chicago, from which Mr Clinton will also expect some bounce back.

Democrats have noted that in 1984, when they held their convention first, one poll

even had former vice-president Walter Mondale ahead of President Ronald Reagan.

Perhaps the most encouraging news for Mr Dole was the extent to which his tax-cutting economic platform appeared to have grabbed public attention for its ability to bring about "the changes this country needs," as a CNN poll question was phrased. He led Mr Clinton 51-44 per cent in responses, compared with a presidential lead of 46-38 per cent in a survey at the start of the month.

Cuba row triggers tit-for-tat expulsion

By Pascal Fletcher in Havana

Cuba is expelling a US diplomat who monitored the activities of anti-government dissidents on the island in what appears to be a warning to the international community that Havana will not tolerate foreign support and encouragement for internal opposition groups.

The US state department said on Monday it was ordering out a Cuban diplomat in retaliation for Havana's decision to revoke the visa of Ms Robin Meyer, an officer at the US Interests Section. Ms Meyer had been criticised by Cuban officials for boisterous and organising meetings attended by opponents of Cuba's one-party communist government.

Foreign diplomats noted that Cuba's decision to expel Ms Meyer, which was communicated to Washington last week but only made public on Monday, coincided with President Bill Clinton's appointment on Friday of a new special envoy on Cuba, Mr Stuart Eizenstat, whose task will be to persuade US allies to join a campaign to promote democracy in Cuba.

Mr Eizenstat is expected shortly to visit Canada, the EU and Mexico, which have strongly opposed recent US legislation aimed at curbing foreign investment in Cuba. In its latest enforcement of the Helms-Burton law, the US government said on Monday it was informing executives of the Mexican telecommunications company Grupo Domos that they would be barred from the US unless they withdrew from an investment in Cuba.

The Cuban diplomat ordered out by Washington is Mr José Luis Ponce, who handled press affairs at the Cuban Interests Section.

In recent days Cuba has also called on Washington to honour existing bilateral immigration accords by handing back Cuban citizens who had fled the island illegally.

AMERICAN NEWS DIGEST

Whitewater partner jailed

Mrs Susan McDougal, a former business partner of President Bill Clinton, was sentenced yesterday to two years in prison for fraud involving the Whitewater real estate venture. A district judge handed down three concurrent 24-month prison terms and an additional three years' probation and ordered Mrs McDougal to pay restitution of \$300,000 plus interest to the US small business administration.

Mr James McDougal and Susan, his former wife, were business partners with the president and Hillary Rodham Clinton in the failed Whitewater real estate venture, which lies at the heart of an independent investigation into Mr Clinton's personal and political finances. Mrs McDougal, 41, was convicted in May on four charges relating to a fraudulent \$300,000 business loan she was given in 1986.

Mr McDougal was to have been sentenced on Monday but won a temporary reprieve because he is co-operating with prosecutors.

Reuters, Little Rock, Arkansas

Black buying power rising

A survey of black households in the US has emphasised their economic clout and pointed to a recovery in spending on big consumer durables last year.

A survey of 3,000 black households, released by Target Market News, a Chicago-based black marketing research company, showed that blacks in the US, if separated from the rest of the country, would have the 16th-largest economy in the world. Personal income for blacks rose to \$32,400 in 1995 from \$30,450 a year earlier, spending on cars increased by 163 per cent, and purchases of computer hardware and software more than doubled to \$697m a year.

Blacks have traditionally spent more on items such as clothing and groceries because of differences in living patterns, but they are now beginning to catch up in other areas and are increasing spending on stock, bonds and securities at a faster rate than whites.

Mr Ken Smikle of Target Market News said the jump could be explained by increased confidence in black middle-class households over the economy and their status in the job market.

Olessio Smarotta, Washington

Brazil group plans male Pill

A Brazilian pharmaceuticals company is preparing to launch the world's first contraceptive pill for men, Mr Luiz Pianowski, industrial director at Hebron, yesterday said the company hoped to begin producing 3m of the pills a month from next year, pending health ministry approval.

Mr Pianowski said tests had shown the pill to be 96-98 per cent effective, matching the performance of female birth control pills without affecting the user's hormonal balance.

The drug, to be marketed as Nofertil, is based on gossypol, a substance found in cotton. However, doubts persist about the substance's safety. Dr Timothy Farley of the WHO's human reproduction programme in Geneva said the organisation discontinued research into gossypol in the late 1980s because of its toxic effects on animals and human beings. "We conducted research to attempt to reduce its toxic effects, but we were unable to do so," he said. "We have had no reason to change our opinion."

Jonathan Wheatley, São Paulo

Greens turn to Nader to fight US election

By Jurek Martin

The US presidential election has acquired another candidate, a man with a national reputation established long before Messrs Bill Clinton, Ross Perot and even Bob Dole had made much of a political mark.

On Monday night in Los Angeles, Mr Ralph Nader, the legendary consumer activist who is now 62 years old, formally accepted the nomination of the Green party - and promised a campaign original in more ways than one.

He said he would pay no attention to the party's generally left-wing platform, would make only "very brief sojourns" through a number of states, and would raise no campaign finance - certainly not from his old nemesis, big business - apart from the \$5,000 he was prepared to spend from his own pocket. He reckoned he could generate enough free publicity from media interviews to get a message across.

But he sounded more like Mr Perot of the Reform party in saying the "progressive alternative" he was proposing would be "the first stage of the break-up of the two-



Ralph Nader: no flattery

party monopoly". Democrats and Republicans, he stated, were "totally beholden to Corporate America - and the public be damned."

He also took some direct potshots at Mr Clinton and Mr Dole. The president, he said, "is too unprincipled ever to lose to Senator Dole. He will never let Dole turn his right flank."

Of the Republican nominee, he said "few legislators in history have sold out

Japan mounts Latin America trade offensive

By Emiko Terazono in Tokyo

Mr Ryutaro Hashimoto, Japan's prime minister, arrived in Mexico yesterday for a 10-day tour of Latin America, which Japanese companies believe has great economic potential.

Mr Hashimoto will offer a package of yen-based loans and grants during his visit to Mexico, Chile, Brazil, Peru and Costa Rica to open up a new trade front for Japan's corporations. Tokyo has pumped nearly \$60bn in direct investment into the region over the past 14 years and its economic aid has doubled to \$1.14bn per year between 1990 and 1995.

Japanese companies consider countries such as Mexico and Brazil as potential markets for their products as well as low-cost production bases for exports to the US. Honda Motor began constructing a passenger car production plant in June in São Paulo, while Toyota Motor announced similar plans earlier this month.

Mr Hashimoto is also likely to seek Latin American support for Japan obtaining a non-permanent

seat on the UN Security Council later this year.

In Mexico, the premier is expected to pledge loans worth \$940m to help ecological projects, small and medium-sized corporations and exporters.

The release earlier this week of Mr Mamoru Konno, an executive of Sanyo Electric who had been kidnapped in Tijuana, has cleared the way for Mr Hashimoto's visit. After nine days in captivity, Mr Konno was found in the basement of an unoccupied building after Mexican police contacted the kidnappers with a \$2m ransom payment.

Mr Hashimoto said it was unlikely the affair would have an adverse effect on Japanese investment in Mexico. However, he is expected during his meeting with Mr Ernesto Zedillo, the Mexican president, to seek assurances over the safety of Japanese employees.

In Brazil he may raise the issue of tariffs on imported Japanese vehicles, which triggered a complaint from Tokyo to the WTO last month.

FREE ZONES, FREE MIND.

As neighboring markets started to develop economically, Lebanon became an essential link contributing immensely to their growth. The Free Zone at the Beirut Port provided a vital service, boosting regional trade.

Based on this experience and to meet the challenges of the new century, an efficient investment structure was necessary to capitalize Lebanon's strategic location. The Investment Development Authority of Lebanon (IDAL) undertook this opportunity by creating a number of new Free Trade Zones.

IDAL is launching a modern plan to develop various free zones, built and managed by the private sector. These free zones are located in airports, ports and other regions which activities can include warehousing, trade, light industry and services. All goods entering and leaving the Free Zones are exempt from custom duties, unless marketed within Lebanon.

In addition to the two free zones currently operational in the parts of Beirut and Tripoli, plans are underway for the establishment of three new free zones, still under contract stage, located at the Beirut International Airport, Qulestat and Riyak. The establishment of a new free zone in Selaata has been recently approved, to be followed by others in Saïda, Tyre and the Metn Coast (Lindon).

The "Free Zones of Lebanon" program is materializing and IDAL is calling for bids to build and operate the free zones located in the Beirut International Airport (BIA), Qulestat and Riyak free zones. Tender documents are available to professionals with relevant experience at IDAL offices listed below. The preliminary dates for bids submission are as follows: BIA Free Zone on 3/10/96, Riyak and Qulestat Free Zones on 15/10/96.

The "Free Zones of Lebanon" are part of an overall program aiming at benefiting from Lebanon's free economic environment and strategic location. Although the number of free zones available is limited, the opportunities are not.

Neighboring markets are growing, and international companies are competing for effective market penetration. Don't let this opportunity pass you by, or the propitious future will.

FREE ZONES OF LEBANON

Investment Development Authority of Lebanon, Presidency of the Council of Ministers
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NEWS: INTERNATIONAL

Funds slowdown 'behind fall in rand'

By Roger Matthews in Cape Town

The slowdown of investment funds into South Africa is the main reason for the declining value of the rand, Mr Trevor Manuel, finance minister, said yesterday.

last year," Mr Manuel added. "Although positive, it is insufficient to cover our foreign exchange requirements for imports. That is primarily the difficulty that confronts us now, and is largely responsible for the currency fluctuations."

20 per cent of its value against the dollar since mid-February, and its continuing weakness has heightened speculation of a further rise in bank rate.

Bank. We do not intervene." Another rise in bank rate, already at 18 per cent, with prime commercial banks' lending rates at 19.5 per cent, would further damage investor confidence at a time when most local economists have been predicting a 1 per cent interest rate fall later in the year.

measures, such as bringing forward the budget date. The removal of exchange controls and fiscal discipline, as well as privatisation, were central to government policy, and progress had been made in reaching those objectives, he said.

remains fairly firmly under control, despite the depreciation of the rand." Mr Manuel was encouraged by the unanimous political support given to the government's economic strategy by the national executive of the African National Congress.

Nations look to UN as India vetoes N-treaty

By Frances Williams in Geneva

Nations backing a global nuclear test ban treaty intend to take it directly to the United Nations General Assembly for signing, after India yesterday formally vetoed adoption of the draft pact by the Geneva-based UN disarmament conference.

be open for signature as originally intended in September. A less favoured alternative would be to call an international conference specifically to endorse the pact.

The US and the other declared nuclear powers - Russia, France, Britain and China - say they will support a rescue plan for the treaty, whose fate will be discussed by the disarmament conference tomorrow.

However, though few countries support India's hardline stance, a number of non-aligned countries including India's arch-enemy Pakistan dislike the idea of bypassing the disarmament conference altogether.

Kazakhs unmoved by the move to Akmolola

Inhabitants are unimpressed by plans for a new capital. Sander Thoenes reports

As a teenager in the 1930s, Mr Ivan Tikhonchuk used to ride the endless steppes around Akmolola on horseback. As a grown man, he watched the Communists plough the fields in a rushed attempt to boost grain crops.



A city arises from the swamp: construction is going ahead despite lack of finance. Sander Thoenes reports



started construction without any guarantee they will get paid.

"This is a big mistake of the president," says Mr Serikbolyn Abdildin, first secretary of Kazakhstan's Communist party, one of the few vocal opposition movements.

do with renovations and building a few modest office blocks. Mr Dosmagambetov says he has yet to find funding for housing construction, half of the \$500m expected to be spent on the project's first phase.

Before the end of next year, Kazakhstan's government is due to abandon the capital of Almaty, in the southeastern corner of this vast country, and cross 1,000km of desert to set up shop in the northern farming town of Akmolola.

there is no money now. It needs to be built slowly, for at least 10 years. They want to do it in two years." Mr Nazarbayev decided last year his government would be better off running Kazakhstan from its heartland than from the smog-filled, earthquake-prone and distant corner of Almaty.

just 300km from Almaty. The president assures the population of 17m that construction will all be paid out of a New Capital Fund, financed by foreign and domestic investors, in exchange for tax breaks.

and his aides have pressed them for donations, often in kind and usually in the final stage of negotiations for a contract. One metal producer was asked to build an eight-storey building. "I told them instead that I could give them a discount if they needed any steel," he says.

One of the few donors has been Okan, a Turkish construction company. It put \$3m into the fund before winning tenders to build the city's first western-style hotel and Mr Nazarbayev's summer residence.

Western diplomats warn such spending could exacerbate the budget deficit, jeopardising a \$450m credit line offered by the IMF on the understanding that costs would be kept below \$500m.

Clinton signs law renewing GSP scheme

By Nancy Dunne in Washington

President Bill Clinton yesterday signed legislation renewing the Generalized System of Preferences, a programme which allows imports from developing countries to enter the US tariff-free.

The programme has long had bipartisan support, but renewal was delayed because present congressional rules require it be "paid for" by funds allocated in the budget.



Clinton: signed with fanfare

Renewal of the GSP scheme was celebrated across the country by small US businesses which depend on duty-free imports. "It was a long time coming, but we're just thrilled it has been renewed," said Ms Laura Baughman, president of The Trade Partnership, the consulting company which led the effort to get the GSP re-authorised.

White House strategists believe the rise, given to an estimated 10m Americans, will give the president a boost in the opinion polls as he prepares for the Democratic convention next week.

The choice also reflects the impact for foreign carmaker groups of the commercial opportunities presented by the Mercosur free trade zone. Mercosur groups

together Brazil, Argentina, Paraguay and Uruguay. Chrysler will also expand its \$100m car plant in Argentina, announced last September, to cope with an expected increase in demand.

The US diesel engine group partly owned by Mercedes-Benz, Detroit Diesel's Italian VM Motori subsidiary already supplies Chrysler with diesel engines for its European-built sports utility and multi-purpose vehicles.

Grand Cherokee which should start production at the new \$100m Cordoba plant early next year. Annual output of the two vehicles at Cordoba should start at about 10,000 units and reach 16,000 at full tilt.

Chrysler's Brazilian and Argentine investments represent a vote of confidence in the Brazilian economic market and the wider economic benefits of the Mercosur.

renowned downturn in some markets, a number of leading vehicle groups have announced new investments in the two countries this year.

China proposes new Taiwan shipping links

By Tony Walker in Beijing

China announced yesterday new regulations aimed at facilitating direct shipping links across the Taiwan strait, but Taiwanese reaction was non-committal and there seems little prospect of early agreement.

restricted to wholly Chinese-owned or Taiwanese-owned vessels or to those operated by joint ventures between the two countries.

Taiwan suggested last year that direct shipping links be opened using its port of Keelung as the transport hub, but agreement bogged down on sovereignty issues.

Most traffic from Taiwan to China is routed through Hong Kong, but the territory's reversion to Chinese sovereignty at midnight on June 30 next year may oblige Taipei to drop its reluctance to negotiate the "three direct's."

think carefully before selling uranium to Taiwan. Speaking on the eve of a visit to Beijing by Mr Alexander Downer, Australia's foreign minister, a foreign ministry spokesman said: "Uranium is not an ordinary commodity. Exporting uranium to Taiwan is a highly sensitive issue. We express concern about the matter and request concerned countries to act with great care."

Mr Downer said last week Australia was studying whether to sell uranium to the Taiwan Power Co.

US probe of NEC computer sale irks Japan

By Michio Nakamoto in Tokyo

Japan's trade minister yesterday expressed strong concern at the US Commerce Department's decision to launch an anti-dumping probe into the sale of a supercomputer by NEC, the Japanese electronics company, to a US research centre.

Department have handled (this affair)," Mr Shunpei Tsukahara, trade minister, said yesterday. "I strongly hope the US government will adequately deal with the investigation."

US supercomputer manufacturer, which has accused NEC of offering to sell the National Centre for Atmospheric Research four Vector supercomputers for the price of one.

priced its supercomputers unfairly and that it would fight the accusations to the end.

base highlights the extremist political nature of high-technology purchases by government bodies.

US criticism that the Japanese public procurement market was closed to US supercomputers resulted in new guidelines for government procurement in Japan and a substantial rise in foreign-made supercomputer sales. In 1994, five out of 12 supercomputers purchased by Japanese public bodies were foreign-made although the number dropped to two out of 11 last year.

صك: امتن الاصل

NZ sells off forests despite opposition

By Terry Hall in Wellington and Sander Iskander in London

The New Zealand government yesterday finalised the controversial sale of the Forestry Corporation's central North Island forests for NZ\$2.02bn (US\$1.4bn) to a consortium including the Chinese government's China International Trust and Investment Corporation (Citic). The sale came despite widespread political opposition, including from some of its own MPs.

consortium and already owns forests in the South Island. Other consortium members are Fletcher Challenge (37.5 per cent) and Briarley Investments (25 per cent). Objectors to the transaction included some of the government's own back-benchers, who felt it was unwise to go ahead with such a controversial sale so close to the October election.

majority of MPs yesterday rallied to this view. Opinion polls show that up to 67 per cent of voters are opposed to the sale. Two of the main opposition parties, the Alliance and New Zealand First, said they would reverse it. Mr Winston Peters, leader of New Zealand First, told parliament his party would buy back the corporation the day after the election.

their preferred bidder, a consortium led by rival forestry company Carter Holt Harvey. General political uncertainty in the run-up to the election in October took its toll on the financial markets yesterday. Yields on government bonds and short-term debt have remained stubbornly high, despite a healthy economy.

confirmed that, because of the sale, the domestic bond issuance programme for the 1996-97 fiscal year would be halved to NZ\$1bn. The remaining cash will help retire foreign debt.

Sumitomo denies report on copper trades

By Emiko Terazono in Tokyo

Sumitomo Corporation of Japan yesterday denied knowledge of secret copper trades by Mr Yasuo Hamanaka, its former head copper trader, which have led to the company announcing losses of at least \$1.6bn.

Sumitomo's chairman, had been personally notified in 1991 by the London Metals Exchange of trades by Mr Hamanaka. The company said that while it had confirmed its obligations on authorised deals, they had not known of Mr Hamanaka's secret transactions until June 5 this year.

market, which traders blamed on Sumitomo and Mr Hamanaka. Mr David King, LME chief executive, sent urgent inquiries to Mr Akiyama, then Sumitomo's president, and Mr Iwao Nishiumi, director and general manager of the company's non-ferrous metals division.

only a general request to confirm we would be able to meet our contract commitments," said Sumitomo. Sumitomo said Mr Akiyama had been notified of the request from the LME and Mr Nishiumi replied to the letter, confirming that Sumitomo would be able to meet all its financial obligations and delivery commitments.

Ever since its announcement of \$1.8bn in copper trading losses, Sumitomo has maintained that Mr Hamanaka had acted alone and had used the company's name for unauthorised deals. They have claimed that Mr Hamanaka's transactions were concealed in a devious and complex manner and had been impossible to discover.

However, financial institutions through which Mr Hamanaka traded his positions have claimed that his transactions were fully authorised by the company's board members. Based on such information, some companies in the copper industry are preparing documentation for a class action suit against Sumitomo.

Bond given three-year jail term

Failed Australian businessman Alan Bond was sentenced to three years' jail yesterday for fraud involving the French impressionist painting, La Promenade, Renter reports from Perth. In sentencing Bond, Judge Antonette Kennedy of the Western Australia District Court said that while the jail term was not the maximum 14 years she could impose, it would seem like a life sentence to Bond.



Bond: 'failing health'

Japanese police admit errors over Aum nerve gas case

By Michio Nakamoto in Tokyo

In a rare admission of its own failings, Japan's police force yesterday accepted blame for its inability to tackle the Aum Shinrikyo sect's nerve gas attacks which killed 11 and left thousands ill last year. Its 1996 police white paper, published yesterday, contained unprecedented self-criticism by an institution that has long found it difficult to admit shortcomings and has been widely condemned for failing to apologise for its mistakes.

regionalised policing system contributed to the failure. The report calls for changes in the law to reform the police so as to equip it better to confront the changing world of crime in Japan. The report noted that as organised crime expanded, police lack of experience in investigating organised gangs, poor intelligence gathering and a police structure divided along prefectural boundaries prevented effective policing of the Aum outrages, which shattered the nation's faith in its public security.

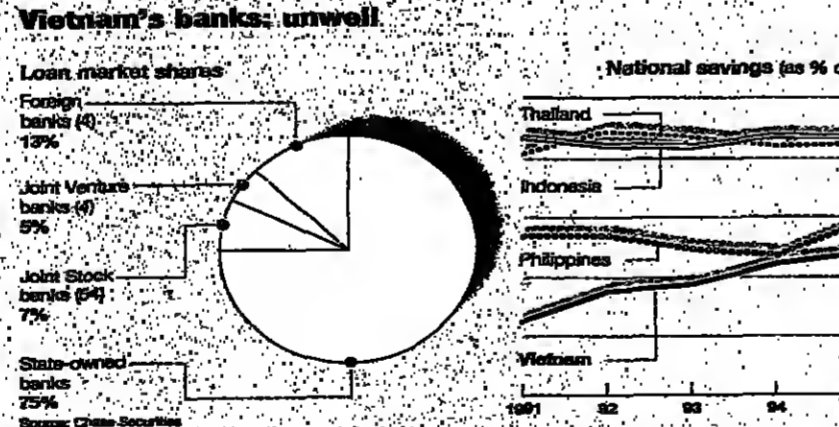
investigating the disappearance and death of Mr Tsutomu Sakamoto, a lawyer representing families of Aum members, who was allegedly murdered, together with his wife and baby son, by Aum leaders, more than six years ago. It was only last year that police finally connected the family's disappearance to the Aum group, although an Aum badge had been found at the Sakamoto apartment after the family disappeared.

Meanwhile, Mr Yoshiyuki Kono, who was wrongly accused of spreading the poisonous gas in Matsunoto, says the police have never apologised to him directly for their mistake.

Doubts raised over health of Vietnamese banking

When Vietnam's biggest fraud scandal broke last year, there were red faces at Vietcombank, the country's largest state-owned bank. It had lent about \$10m to Tamexco, a Ho Chi Minh City-based import-export company affiliated to the Communist party. But the money vanished in a murky \$40m corruption case in which local newspapers accused Vietcombank of complicity. Public revelations of corruption are rare in Vietnam but the Vietcombank allegations highlighted that all is not well with Vietnamese banks, in spite of efforts in the past five years to shake off a culture of subservience in favour of commercialism.

Jeremy Grant reports on some fundamental weaknesses eight years after economic reforms



with huge non-performing loans. "They are probably bankrupt several times over," said one. Mr Le Duc Cu, Vietcombank's acting general director, says the figure at his bank is 6 per cent, against 4 per cent last year. But he says: "It's not very serious at the moment but it's worth giving it serious attention now."

INSTITUTE OF INVESTMENT MANAGEMENT AND RESEARCH

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OCTOBER 1996

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M M Colman	<i>Scottish Mutual Assurance</i>	C J Murphy	<i>Framlington Group</i>
I J Copelin	<i>Joseph Nelson Investment Management</i>	J D Murphy	<i>Scottish Mutual Assurance</i>
J K Coyle	<i>General Accident</i>	D J Newlands	<i>British Steel Pension Fund</i>
J A G Crossley	<i>Rothschild Asset Management</i>	G D Nimmo	<i>Scottish Amicable Investment Management</i>
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V J Engwall	<i>PDFM</i>	C Reeves	<i>Hambros Bank</i>
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ASIA-PACIFIC NEWS DIGEST

Burma jails Suu Kyi aide

Three members of Burma's National League for Democracy (NLD) - including Mr Win Htein, a personal assistant to the league's leader, Ms Aung San Suu Kyi - have been sentenced to seven-year prison terms, NLD officials said. The three were among more than 250 activists arrested last May before a scheduled party congress. Burma's military regime has said those "detained for questioning" at the time have been released.

Thai PM faces censure vote

The Thai parliament will debate a censure motion against prime minister Banharn Silpa-archa next month. The motion accuses Mr Banharn of lack of leadership and says: "He has abused his duty and turned a blind eye to corruption... causing damage to the country." Mr Banharn yesterday scuttled speculation that he might try to cling to power before the debate either by resigning and forming a new coalition or by dissolving parliament.

Bangladesh urged to reform

A World Bank report published yesterday said Bangladesh could not afford to postpone reforms needed to achieve rapid growth and alleviate poverty. The report, to be submitted to an aid group meeting in Paris on September 10-11, also warned the government that foreign aid for Bangladesh would be linked to a clear-cut commitment to reforms and radical improvement in the quality of public spending. The government has asked the donor group for \$2bn for this year for specific infrastructure projects.

Pakistani air force joins bid

Pakistan's plans to privatise Pakistan Telecommunications Corporation were boosted yesterday when a large business enterprise announced it would join a new consortium to buy 28 per cent of the shares and to take over its management. The Shabzon Foundation, a business group backed by the Pakistani air force and devoted to welfare of former air force personnel, said it would join the Setico group of Indonesia and Dutch PTT Telecom to bid for the group.

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Banks warn of Emu damage to City

By Gillian Tett, Economics Correspondent

Non-UK banks in London have warned the government that Britain's right to opt out of European monetary union is damaging the City as a financial centre.

uncertainty is harming their members' ability to plan. The warning from the association, which represents 180 financial institutions in London, comes amid growing unease that the City's preparations for Emu are being undermined by the political uncertainty.

competitive position as a financial centre being undermined by Paris and Frankfurt. Mr Michael Cassidy, the corporation's chairman of policy and resources, argued that the UK's poor "attitudes" were undermining London's standing.

City's preparations for Emu were being threatened by a lack of co-ordination. "There is a bit of a vacuum - people are talking about Emu and preparing for it, but at the moment it is in a disparate fashion."

City over Emu and plans to publish its next report on these preparations in September. Meanwhile, the Treasury has recently written to a series of industry associations asking them about the competitive problems created by Emu.

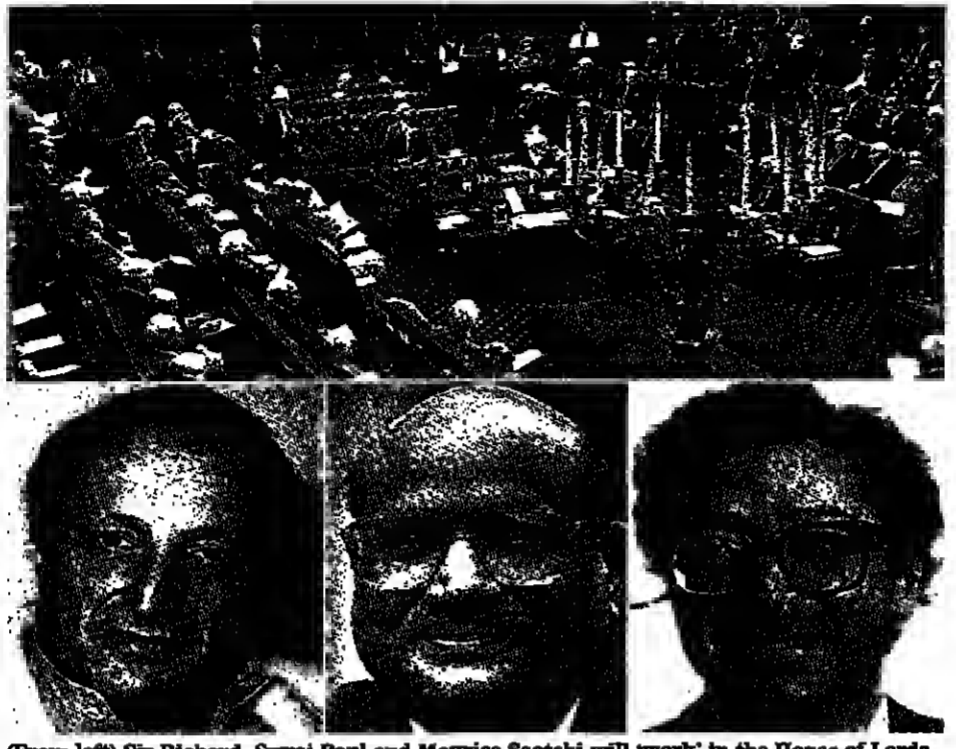
uncertainties over the UK's opt-out clause from Emu. Mr Cassidy said that the corporation was reluctant to play any co-ordinating role. However, it plans to start a campaign to protect the City's financial interests from discrimination from other European Union countries.

Appointments to Lords court controversy

By Our Political Staff

Mr Swraj Paul, the businessman, Mr Maurice Saatchi, the advertising executive and architect Sir Richard Rogers were among 14 "working peers" appointed yesterday by Mr John Major, the prime minister.

known as Cordiant, at the beginning of last year. Sir Richard designed the Pompidou Centre in Paris and the London headquarters of the Lloyd's insurance market. All three are now entitled to sit in the House of Lords, the unelected upper House of Parliament.



(From left) Sir Richard, Swraj Paul and Maurice Saatchi will "work" in the House of Lords

Young people shunning unions on work problems

By Richard Donkin in London

Trade unions are losing their appeal for young people, who no longer see them as a source of help when they have problems at work, according to a report published today.

union officials could solve their problems. Mr Alan Hudson, one of the researchers, said that a period of union unrest like the 1978-79 "winter of discontent", which preceded Mrs Margaret Thatcher's defeat of the then Labour government, could not happen in the 1990s.

job responsibility. Greater responsibility, however, had not created a generation of happy workers. People had become preoccupied with training and education as a means of survival at work but no longer viewed their job as a way to achieve their personal aspirations.

Hardline Names criticise Lloyd's

By Ralph Atkins, Insurance Correspondent

Lloyd's of London faces criticism from some Names for failing to provide an irrevocable guarantee that those ruined by the insurance market's losses since the late 1980s will always be protected financially.

part of the recovery plan Lloyd's is seeking to implement this month. Mr Christopher Stockwell, deputy chairman of the Lloyd's Defence Shield, representing hardline Names, said if those running the market in the future decided to replace the existing central organisation, underlings made to loss-making Names will become "meaningless".

Table with 4 columns: Year, 12 month average, 12 month average, 12 month average. Data for years 1970-1995.

More pension funds opt to switch managers

By John Gapper, Banking Editor

Pension funds are becoming increasingly willing to change fund managers because of their sensitivity to how well their assets are being managed, according to a survey by EPDM, the fund-management arm of Union Bank of Switzerland.

fund managers during the year, compared with 18 per cent the previous year, because of regular reviews of managers' performance. The subsidiaries of US and Canadian companies were active changers of managers. Of these pension funds, 37 per cent changed one or more managers during 1995, indicating that US firms are leading the way in such changes.

managed to provide returns used to fund pensions and benefits. This is partly because of the growth in the monitoring of managers' performance by consultants. The survey also found that pension funds have become more likely to vote on corporate governance of companies in which they invest, rather than leaving it to managers. The trend reverses an earlier drift away from participation.

- almost entirely drawn from the largest funds of more than £200m (\$312m) - said the trustees retained voting rights. This figure was up from 15 per cent in 1994, and down from 21 per cent in 1993.

Holidays overcast by weather

Scotland's rainy, grey and cool weather was the most unattractive thing about holidaying in the country for a substantial number of visitors from overseas and England, according to Scottish Tourist Board surveys.

Table with 4 columns: Attractive features, Visitors from: Western Europe, North America, All non-UK, England. Rows include Friendly people, Range/quality of accommodation, Historic sites, Unattractive features, Poor food.

Industrial logic shapes success of ceramics joint venture

Culture clashes between Cookson and Johnson Matthey management have failed to undermine their partnership

Cookson, the industrial materials group, and Johnson Matthey, the precious metals and engineering technology company, were so pleased with their ceramics joint venture in 1994 that they contemplated proceeding to a full-scale merger.

But while Cookson Matthey Ceramics (CMC) may have proved a happy partnership, the merger talks collapsed over failure to reach agreement on valuation and price.

savings could be made by rationalising UK plant and by joint marketing in areas such as Asia and the Pacific Rim. So far, so good. Since the formation of the joint venture, profits and sales have exceeded expectations.

It has developed a culture of its own which is a balance of the two parents, he adds. That culture is a hybrid of the sales-driven mentality at Cookson and Johnson Matthey's more conservative return-on-assets approach.

Both companies want to avoid such a scenario by expanding rapidly into Asia and Latin America, where rising demand is expected to offset slowing orders in continental Europe.

Even though Johnson Matthey is busy developing its electronic materials businesses, it says CMC remains central to its plans. The two companies, moreover, have drawn up a complex agreement to deter them from jumping ship. In the first 10 years of the joint venture, there are only three "windows" in which either side can sell; even then, their partner has first refusal on the stake.

"At some price we would be sellers," Mr Howard says. "But I doubt that Johnson Matthey could put forward a number that would be attractive to us." That, he claims, means CMC will enjoy a longer life than most joint ventures. "There is no timetable in which we think this thing will fall apart."

ver the 69 lite a real

Police re-route N Ireland march

The Royal Ulster Constabulary - the Northern Ireland police - has re-routed a Protestant march by the Black Preceptory, planned for this weekend, away from the largely Roman Catholic Lower Ormeau road in south Belfast in an attempt to head off nationalist protests.

ECONOMY Buoyant picture reaffirmed

A buoyant picture of robust consumer-led growth backed by a steady recovery in the housing market was confirmed yesterday after figures showed record borrowing by consumers and mortgage lending at a four-year high. But a surprisingly large government's monitoring growth to a level within the government's monitoring range for the first time since September last year held out the prospect of a further cut in UK interest rates.

NUCLEAR SAFETY State-owned company faces courts

British Nuclear Fuels is to be prosecuted by the Environment Agency for allegedly failing to keep in good repair a pipeline bridge used to transport low-level radioactive waste from Sellafield, in the north-west of England, to the Irish Sea. BNFL, which operates the Sellafield nuclear fuel reprocessing plant, said yesterday that a refurbishment programme was under way to address the problem but declined to comment further.

ELECTRICITY COMPETITION Consumer groups warn on delay

Electricity consumer groups yesterday warned against any delay in meeting the government's target for introducing full competition to the domestic market in 1998. The warning from the Electricity Consumers Committee, follows a study for the regional electricity companies which recommends a phased introduction of reforms that could delay full competition by up to 18 months beyond the April 1998 target date.

ENGINEERING Preussag offshoot wins contract

Engineering company Noell Whesove, part of the German Preussag group, has won a £32m (\$50m) contract from Bechtel Inc to build a liquid natural gas storage facility as part of a LNG export facility at Point Fortin, Trinidad for Atlantic LNG Company of Trinidad and Tobago.

TOURISM Scotland: visitors' likes and dislikes

Table with 4 columns: Attractive features, Visitors from: Western Europe, North America, All non-UK, England. Rows include Friendly people, Range/quality of accommodation, Historic sites, Unattractive features, Poor food.

Industrial logic shapes success of ceramics joint venture

Culture clashes between Cookson and Johnson Matthey management have failed to undermine their partnership

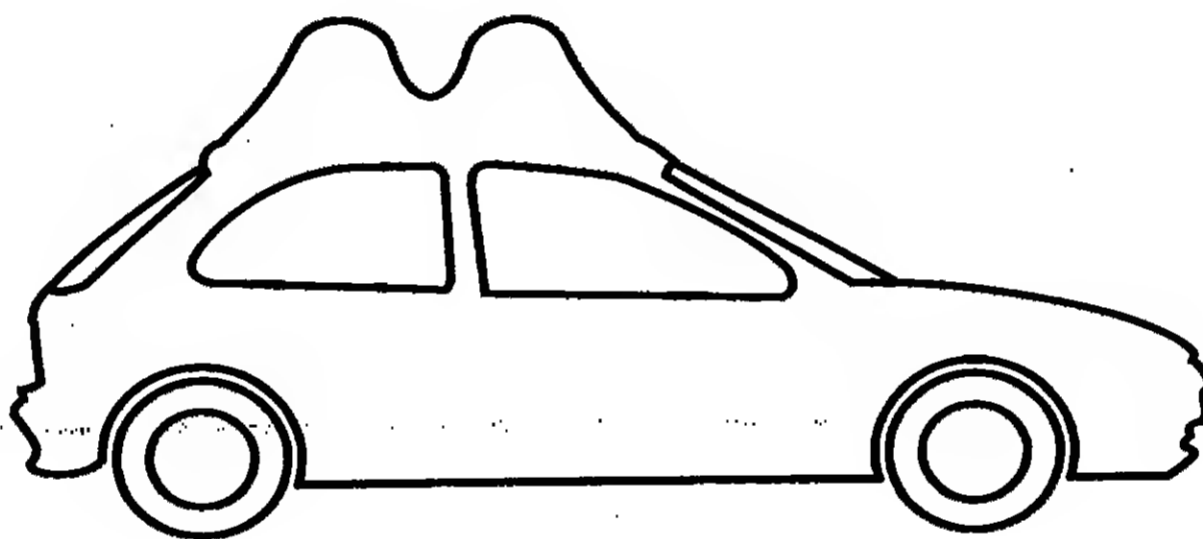
Even though Johnson Matthey is busy developing its electronic materials businesses, it says CMC remains central to its plans. The two companies, moreover, have drawn up a complex agreement to deter them from jumping ship. In the first 10 years of the joint venture, there are only three "windows" in which either side can sell; even then, their partner has first refusal on the stake.

سكيا من الامل

Tim Burt

صحتنا من الامل

Over the hump. 2.69 liters per 100 km, in a really safe family car.



Drivers in fuel economy competitions go to great lengths to win top honors. This can mean anything from driving at a snail's pace to ditching the carpets and airbags to trim down weight.

At this year's ECO Tour of Europe, the Opel Corsa Eco 3 prototype was awarded the "innovation prize for exemplary fuel consumption and the future feasibility of the drive concept." On the Turin to Monte Carlo leg of the tour, the Eco 3, driven by journalists at normal highway speeds,

consumed an extraordinary 2.69 liters per 100 km. It thus achieved the long-sought goal of a family car with full safety equipment that consumes less than 3 liters per 100 km.

In addition, two Opel Corsa Eco production cars with extensive safety equipment were awarded prizes for their low fuel consumption. This three-way victory proves, once again, that it may be easy enough to make a car economical at the price of safety. Or to make a car safe at the

price of economy. But it takes brilliant engineering to offer both benefits at the same time.

As this year's ECO Tour makes clear, the Opel engineers have met this challenge. Without sacrificing carpets, airbags or driving enjoyment.



BUSINESS AND THE ENVIRONMENT

At 5:10 on an August morning, with the sky-scrappers of Boston's financial district forming a backdrop to the rose-hued waters, Gale "Skip" Ryan hauls the first lobster trap of the day on to his boat "Clean," he scowls.

He is not referring to the fact that the trap is empty - although it is - but to the trap itself. "These things used to be covered with scum," explains Ryan, whose lined face testifies to his 30 years in the lobstering business. "Now this place is too clean," he says, peering into what seem still murky waters to an unseasoned observer.

The diminishing lobster catches of the increasingly clean Boston Harbour illustrate the complex relationship between the environment and the US fishing industry. One theory is that lobsters, as scavengers, tend to gather where there is a high level of organic material. Yet a \$6bn (£3.8bn) pollution amelioration programme for Boston's ocean waters means that less organic waste is around. "You know where we used to be able to find a lot of lobsters," asks Ryan rhetorically. "Around outflows from the sewage plants."

The failure of commercial fisheries to recuperate in newly clean waters in the US is a source of puzzlement and frustration to environmentalists, who have long espoused the financial, as well as ecological, benefits of anti-pollution efforts.

The clean-up of lake, river and off-shore areas around the country has already made an enormous difference to the quality of water in Chesapeake Bay, the Great Lakes and the Hudson River, as well as Boston Harbour.

Even a casual observer can see the impact. Visibility in Lake Erie, for instance, has grown to 30ft from just 1ft-2ft in the early 1970s. Shad have returned to the Hudson River Basin and seals and dolphins have come back to the Boston Harbour. Understandably, many ecologists hoped these improvements would translate to a boon for commercial fisheries, in dire straits because of years of over-fishing and new government regulations.

Yet for reasons marine biologists do not completely understand, environmental clean-up has had little impact on the industry. "I wish I could tell you that we have seen a big boost in commercial fishing catches with the improvement in water quality," says Peter Shelley, a lawyer at the Conservation Law Foundation, an environmental agency. "But the truth is, we haven't."

Ecological clean-ups on the US east coast had some unforeseen effects, writes Victoria Griffith

Muddy waters

NO THANKS - THERE'S MORE POLLUTION OUT THAN IN THESE DAYS



ROVER BEAGLE

The lack of success may be due to the complexity of marine and freshwater biosystems. While most aquatic life prefers pristine conditions, a few species do better with a little waste in the water. "Some pollutants can mimic natural processes and provide food to the fish," says Robert Kendall, director of publications for the American Fisheries Society.

Pollution can also help certain types of fish by killing off their predators, or providing the dark conditions in which some species thrive. Improving clarity in the

Great Lakes, for instance, has forced the light-sensitive walleye to move to deeper areas.

Even fish that prefer clean water may not return when the pollution disappears. Fish have a memory. Popular commercial species such as salmon and cod return to spawn where they hatched, so that once a population has been wiped out of a certain area, it may take decades to recover.

Re-introduction has yielded little success in speeding up that process. Despite a \$200m effort to restore Atlantic salmon to the

Connecticut River and a programme to bring Pacific salmon back to the Columbia River, the fish have stubbornly refused to thrive where the marine biologists release them.

Subtleties of the food chain and the marine environment mean that even if fish repopulate, they may not be the sort fishermen were hoping for. The 25-year-old clean-up of the Great Lakes, for instance, has boosted invaders such as alewives and white perch, putting pressure on the native populations of trout and white fish to assert themselves.

Even the dramatic and swift return of striped bass to the US Atlantic seaboard over the past few years has provided little encouragement for ecologists.

While some marine biologists credit the clean-up of the Chesapeake Bay for the recovery of a species that had nearly been wiped out by the late 1980s, others disagree. "I'm not convinced environmental improvements had anything to do with it," says David Correll, director of the Environmental Research Centre at the Smithsonian Institution in DC. "We can probably put it down to a complete ban on commercial fishing of the species, and climatic factors."

Despite the problems, marine biologists and ecologists are not yet ready to give up on anti-pollution crusades. They point to one of the biggest beneficiaries of the clean-up of the Atlantic seaboard: clamming. Since clams are sensitive to contamination and are often eaten raw, clam beds are closed at the first sign of a problem.

The re-opening of beds up and down the coast therefore implies a tangible, if small, benefit from anti-pollution efforts.

Ecologists also hail an impact in the decline in diseases such as fin rot and liver necrosis in close-to-shore populations. The healthier environment, they argue, will help fishermen market their products and guard against disastrous food-poisoning episodes.

While the short-term benefits may be frustratingly small, ecologists say the long-term cost of putting up with pollution is too high. "Fish haven't come back the way we wanted or expected, but if we had let things go on the way they were, we would not be fishing here at all," says Robert Graham, president of the Ontario Fish Producers' Association.

Lobsterman Ryan agrees that giving up on anti-pollution programmes would probably have a disastrous long-term impact on the fishing industry. "Everyone wants clean water," he says. "But some days, you miss that sewage."

A valley brought back to life

Graham Mole tells the story of one man's 25-year mission to save a Spanish river

It took 25 years of determination and diplomacy, but judge Theodore Sabras has managed to save a river - or part of it, at least - from over-fishing and to boost the economy of its valley.

The river Najerilla is in the Rioja region of Spain, world famous for its wine, but known to the people of the area for its fishing.

For centuries the trout in its 20-mile valley had been ruthlessly exploited by the locals. When hotels in nearby Logrono asked for 150 trout they got them the next day. There was no thought for the impact on the streams and poaching was a way of life.

"The river was being killed," says Sabras. "All I could do was to fight for my river and hope it would encourage others to do the same for theirs."

On the plains there are fertile fields for crops, the vines flourished in the sun and the world wanted its wine.

But in the mountain valley, a few goats and sheep graze, and little grows in the sparse soil. What grass there is on the steep hillsides must be scythed by hand.

So the river's trout, with a seemingly boundless capacity for repopulation, were a lifeline when Sabras began his campaign in the early 1970s.

Officialdom, too, endangered the river. That was based in Logrono, 60km away. Now it is an hour's drive, but then it was too remote for supervision. The administrators, keen to get as much money as possible, issued licences to as many people as possible. There were few conditions, no limits on catches, and no thought of restocking.

Sabras realised this could not last. Water was being taken in increasing quantities from the river for agriculture and the number of anglers just kept on growing.

But the administrators were the people who managed all the water in Spain, all owned by the state. They were not about to change their ways or relinquish

their power. Nor were the locals happy to see any changes. For them it was today's income.

Says Sabras: "I felt I had to repay nature for the favours she has showered on us here. She gave us such beauty. We couldn't just throw it away."

He commissioned research into both the problems and the potential of the area, then lobbied politicians. Almost like a wartime guerrilla fighter he

over 13 miles of river in the valley on behalf of the state. It is, in effect, a privatisation of nationalised water.

The mayor who led the protests runs the pub in the middle of one of the best fishing stretches; two notorious poachers are now guards.

Now Sabras wants a management agreement for the entire river system, including one large and one small lake at the



The river now boasts wild brown trout and the water is safe to drink

formed a partisan group. He hand-picked people for important positions and gave them each specific tasks.

The opposition was fierce. Banner-waving locals held protest demonstrations and marched on the local town hall, led by the mayor of one of the valley's villages. Sabras realised the only solution was to wrest control from the state. And this was in the days of Franco and dictatorship.

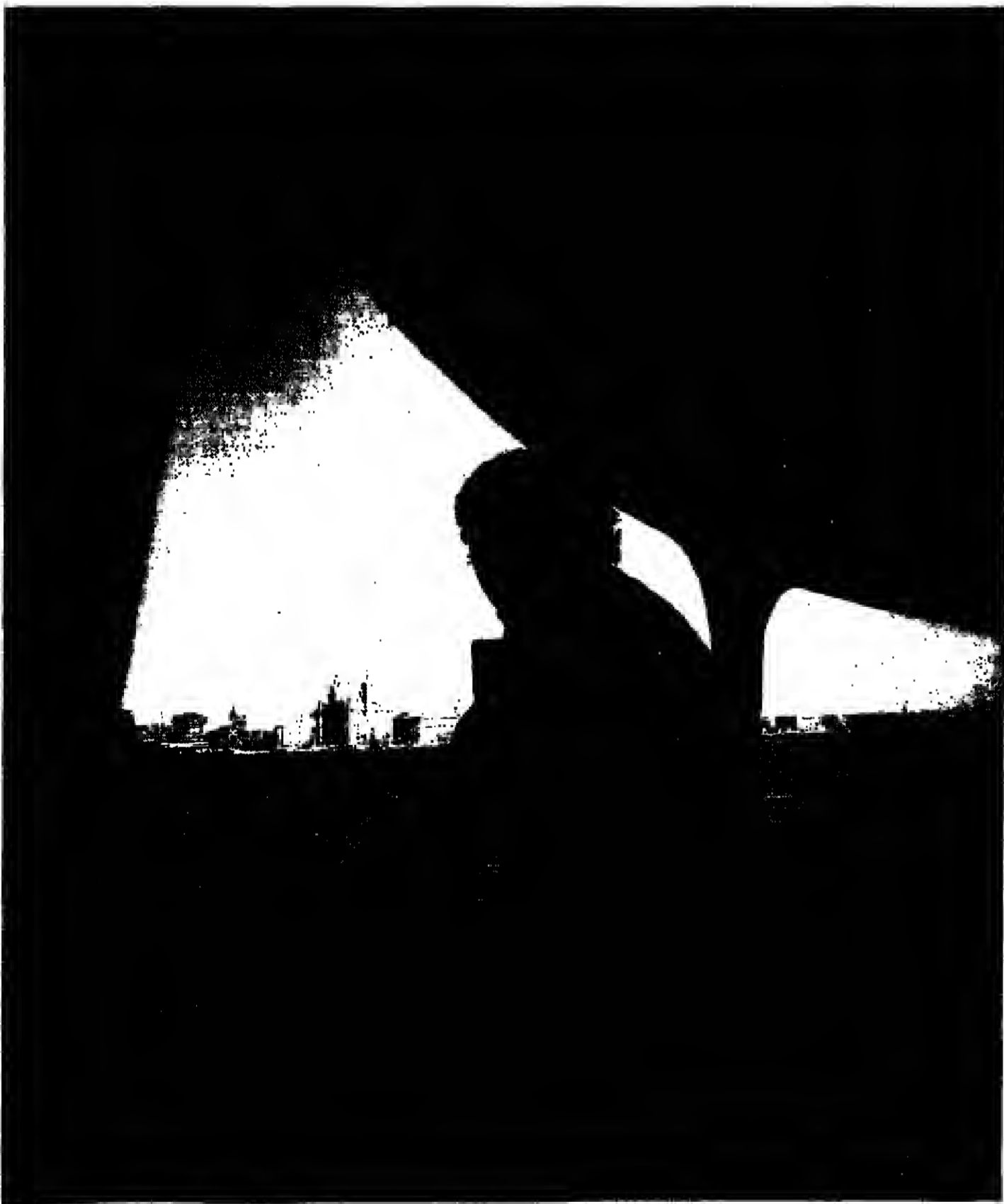
Delaying tactics from threatened officials meant it took years to make even the slightest progress. But now the local hunting and fishing society of which he is president has won a 10-year contract to manage just

head of the river. Longer term he wants areas for handicapped anglers and a school for young fishermen.

If all Sabras's ideas are adopted, the river will then attract high-spending foreign fishermen. He also wants to make it simpler for foreigners to get a fishing licence.

It is worth the effort. In June the valley is ablaze with flowers, alive with birdsong. The river has a quality of limpid clarity and is safe to drink.

It boasts wild brown trout of up to 8lbs and marine biologists investigating the bottom of a large dam found a trout of an estimated 40lbs. It is, they assure you, still growing.



Thinker, tailor, screenwriter, sailor, rich man, foreman, businessman or comic? (It must be something in the water.)

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ARTS

Television/Christopher Dunkley

All rock swots and Köchel numbers

It is a funny old mass medium, television. Well, all right, a funny young mass medium. The British public is, by an enormous majority (over 85 per cent whenever there is a poll) strongly in favour of capital punishment.

And western - he might well ask "Then why does television ignore it?" What would the broadcasters reply? If they were honest they would say: "An overwhelming number of those who work in broadcasting oppose the death penalty (just like that chap Dunkley) and most of us prefer classical music or present day pop to all that MoR stuff. So that's what you see on the box."

While the piano was being brought in, BBC2 began an intriguing little background documentary about the way that the world of Köchel numbers and accompanied cadenzas. But ask them the colour of the Righteous Brothers, the sex of Pat Boone or who was the first British orchestra leader to win a Gold Disc (white, male, George Malacrinu) and most would be stumped.

Both Proms, live and recorded, were televised with a professionalism polished by long practice. The background filming was neatly integrated. The broadcasters are entirely at home in this world of Köchel numbers and accompanied cadenzas.

The fact remains that we have had another 10 hours of rock and roll material to set alongside such regular programmes as Top Of The Pops (where everything seems to be clearly unchanged: the male groups imitating Pete Townshend's jumps, the girl groups thrusting their hips a lot) and The White Room on Channel 4.

hour on Monday included Gloria Gaynor's "I Will Survive", Boy George's "Do You Really Want To Hurt Me" and Billy Joel's "Allentown". Still, these are the exceptions; most of the output comes from the last few years.

Of course it is easier for radio to play a number by Al Bowlly or Duke Ellington than for television where they need pictures and preferably live action. Yet if television was serious about MoR music the broadcasters could form their own big bands (or use the one that the BBC already has). They could employ the sort of people who star in all those Lloyd Webber musicals which now sustain so many of the big houses in London's theatre land.

Musicals Broadway, jazz and blues

Anyone despairing of the modern musical, especially the pseudo-musical, which is little more than a pop concert decked out in platinoides, should hurry to the cosy Bridewell Theatre close by Ludgate Circus where a season of less regarded Broadway musicals is in full swing.



Kathryn Evans and Peter Hilton in 'On the Twentieth Century'

demands a long run in a small theatre. A slighter, but still enjoyable *bonbon*, is available at the Tricycle Theatre with *Ms Behaving*, in which the female trio from the 1995 success *Ain't Misbehavin'* put on their own show of jazz and blues greats.

Melanie E. Marshall offering a balanced mix of the familiar, like "You go to my head", and the rare, "Legalize my name". A few random musings suggest that the plan was to pad out the evening with more poetry and comment, but the words, sadly, have not survived. They would have provided some useful stiffening.

stand out, notably Debby Bishop singing "Can't we be friends", and Marshall in just about everything. But you leave pondering the unbridgeable gap between the songs that proclaim the spirit, independence and beauty of women, and those that dwell on their desperate need for a wedding ring.

Graham's flame dances on

Edinburgh's Stygian Playhouse - which suggests nothing so much as a Bucharest crematorium - this week housed the Martha Graham company with two programmes identified as *Racial Graham*. This meant works of the 1930s and '40s, which were Graham's greatest years as a dancer and, I'd venture, as a creator.

with the intensity and hieratic power of Graham's own presence. This week, looking at such major creations as *Case of the Heart* and *Appalachian Spring*, *El penitente* and *Errand into the Maze*, I could not but recall the ritualistic force of Graham herself and the dense physical manner of her artists as I first saw them in the 1950s.

or an object can tell you its identity, these reconstructions "small right" to me. Both are pure dance, yet both are political: in the early 1930s a surprising amount of American modern dance was ardently left-wing, orientated towards workers' causes. *Chronicle* has an anti-war message; *Heretic* is a cry for individual freedom of conscience. Both have an Art Deco air in their superb use of a female chorus. In both, Capucilli gives a powerful and beautiful performance, not aping Martha Graham, but making the dance and the ideas live again.

The fiddler Alasdair Fraser remarked during the third of five late-night concerts in the Greyfriars Kirk that it was nice to know the Edinburgh International Festival has discovered Scottish music. This series is a joy, the concerts have been well shaped to show the historical and geographical evolution of Scottish fiddle music: with Renaissance galliards and branles in the opening concert, and with the Highland influence in the third. The wealth of the genre has been a real ear-opener, and, after some of the more precious and hermetic theatrical offerings, the concerts are an open window of fresh air.

Frank Dunlop, director of the Edinburgh Festival until 1991, spoke last week of the timidity and Eurocentricity of the festival today (discussing, with reference to *Renyo*). While George Steiner's University lecture, which launched this 50th Edinburgh festival, gave the impression that there have been three pinnacles of festival culture in world history: (a) the ancient Greeks (b) Wagner in Bayreuth (c) and John Drummond in Edinburgh. (The notion that the Dunlop years, which immediately followed the Drummond regime, were a decline is widely accepted.) Steiner referred to a million things - to the competitive nature of the ancient festivals, to the creative and cross-fertilising nature of modern festivals, to odd highlights from previous Edinburgh festivals that he seemed to have culled from a top-speed zip through the press cuttings. World culture, he made you feel, is his playpen.

There was an added bonus to this season in that four of the works were designed by Isamu Noguchi. The miraculous simplicity of his decors and their imaginative resonance are confounding marvels of the theatre.

Another wonderful feature of this year's festival is the 18-concert series of all Haydn's mature string quartets. Six days a week, all three weeks of the festival, two or three different Haydn quartets are played in St Cuthbert's Church at 6pm. Haydn is another window of fresh air.

oughness, vivacity and charm of slugs, they performed in the maimed but trancelike style known as *butoh*. This genre, which has developed in post-Hiroshima Japan, is expressionist by intention but inscrutable in practice and looks to the observer like a form of inexpressive torpor. Tímeo Szimze, director and choreographer of *Renyo*, and his co-performers occasionally open their mouths in long-bled slashes of torment. Meanwhile, taped Jap-pop muzak is played, alternating with amplified passages of distortion and others of recorded running water.

Alastair Macaulay

INTERNATIONAL ARTS GUIDE

- AMSTERDAM CONCERT Concertgebouw Tel: 31-20-5730573 ● Het Gelders Orkest: with conductor Roberto Benzi and pianist Rian de Waal perform works by Liszt, Liszt/Schubert and Ravel; 8.15pm; Aug 24

- CHICAGO EXHIBITION Art Institute of Chicago Tel: 1-312-4433600 ● D.H. Burnham and Mid-American Classicism: celebrating the 150th anniversary of Daniel H. Burnham's birth and his contributions in shaping Chicago's downtown district, the Art Institute presents this exhibition of about 100 drawings from the museum's permanent collections; to Sep 2

- HAMBURG OPERA Hamburgische Staatsoper Tel: 49-40-351721 ● Madama Butterfly: by Puccini. Conducted by Johan Arnell and performed by the Staatsoper Hamburg. Soloists include Romanko, Jänicke, Krogen and Hernández; 7.30pm; Aug 22

- LOS ANGELES CONCERT Royal Albert Hall Tel: 44-171-5998212 ● Netherlands Wind Ensemble: with conductor Daniel Harding and pianist Peter Donohoe perform works by Messiaen, Mozart and Stravinsky. Part of the BBC Henry Wood Proms Series 2 Concerts (Proms); 10pm; Aug 22

- PARIS EXHIBITION Centre Georges Pompidou Tel: 33-1-44 78 12 33 ● L'Informel: exhibition focusing on the history of Modernism. The display includes works by Pollock, Duchamp, Fontana, Smithson, Warhol, Hesse, Dubuffet, Rauschenberg and others; to Aug 26

- WASHINGTON EXHIBITION Arthur M. Sackler Gallery Tel: 1-202-357-2700 ● Preserving Ancient Statues from Jordan: eight examples of what may be the oldest human sculpture in the Near East, recovered from an ongoing excavation in Jordan, are featured in this exhibition highlighting conservation and study of archeological material. Photographs document the journey of these ancient plaster statues dating from the 7th millennium BC from their excavation 10 years ago through the conservation and treatment process; to Apr 6

- WORLD SERVICE BBC for Europe can be received in western Europe on medium wave 648 kHz (463m)

- EUROPEAN CABLE AND SATELLITE BUSINESS TV (Central European Time) MONDAY TO FRIDAY NBC/Super Channel: 07.00 FT Business Morning 10.00 European Money Wheel Nonstop live coverage until 15.00 of European business and the financial markets 17.30 Financial Times Business Tonight CNBC: 08.30 Squawk Box 10.00 European Money Wheel 18.00 Financial Times Business Tonight

COMMENT & ANALYSIS

Ian Davidson

No passing fad

The concept of flexibility must be considered as the EU member states work towards enlarging the community



British opposition to any further integration in the European Union will be the central issue in the continuing intergovernmental conference on the reform of the EU in the months ahead.

So far the conference has been deadlocked because the British have resisted all the proposals of their partners for deeper political integration.

But the issue must come to a head before the end of the year, because the Irish, who hold the presidency of the EU, have been charged with holding a special summit in October to move things along.

He does not seriously explore such an option, which would in effect amount to the structural marginalisation of the UK. But in any case, he concludes, "flexibility is unlikely to prove a passing fad, and will probably remain a central issue in the end stages of the negotiations".

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Crude politics behind draft test ban treaty

From L.M. Channing. Sir, Like most UK and US reporters covering the negotiations for a draft comprehensive test ban treaty, Bernard Gray portrays India as the spoiler.

enthusiasm about this draft is almost palpable. In short, well over half the population of the world has reservations.

the long term, potentially very dangerous. How long will the world's rising big nations tolerate mandated impotence while a country like Britain is allowed to keep its nuclear arms because of a fluke of history?

In both cases, the US brought its almost overwhelming diplomatic power to bear in what looked to this layman like crude political bargaining.

Web requires professional surfers

From Mr Simon Buckingham. Sir, In "Rise of the Internet threatens traditional banks' market", (August 12), you replace the word "banks" with "companies" and the word "branch" with "office".

move past-entry level Internet presence. Technologies such as credit card authorisation, Java and ActiveX will facilitate interactive Web pages.

as the growth in the graph in your article shows, these trends are irresistible. The repercussions in terms of "technological capitalism", in which individuals can participate in, and benefit from, free markets, are phenomenal.

Tips for the top

From Mrs M.B. Mounsell. Sir, In "Mastering Management", August 16, a woman in her mid-30s asked how she could break through the "glass ceiling".

London needs modern buildings

From Mr Stephen L. Phillips. Sir, In contrast to the City Heritage Society (Letters, August 13), I welcome the proposal to put a 90-storey building on the Baltic Exchange site.

some impressive modern buildings, both to mark its place in the world and to reinstate the famous London skyline. The skyline of old was one of church spires rising above buildings only a few storeys high.

to over-development if it is surrounded by open space. Let developers buy up sites, raze the mediocre ground-cover and replace it with stylish buildings in a stylish setting.

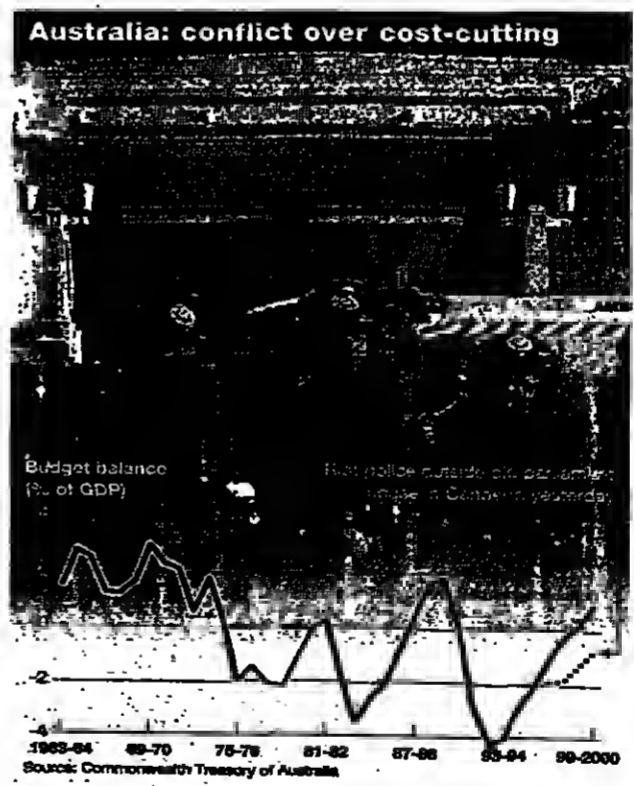
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When the numbers add up

An ebullient Mr Peter Costello, Australia's new treasurer, described the Liberal-National coalition's first budget in 14 years yesterday as "a historic opportunity to turn around the [budgetary] course... into the next century".

Australia's stringent budget takes a gamble on high growth, says Nikki Tait



The bottom line is that Australia's 1996-97 deficit should be \$45.65bn, or 1.1 per cent of gross domestic product. In the following year, this is forecast to dip further to \$41.5bn, or 0.3 per cent of GDP.

Such estimates are well on the optimistic end of private-sector forecasts, and seem to presume that the mere scent of budgetary balance and the possible downward pressure on interest rates will boost business confidence.

Questioned about some of the assumptions, Mr Costello described them as "realistic". But some economists worry that the atmosphere of fiscal rectitude and continued high rates of unemployment may dampen public confidence and that the business sector will respond only cautiously.

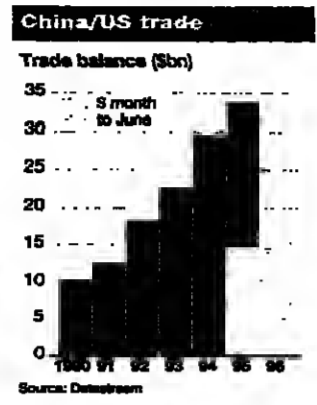




White House hails opening of foreign markets

US trade deficit with China passes Japan's

By Nancy Durme in Washington
The US trade deficit with China rose to \$3.5bn in June, surpassing for the first time the trade gap with Japan.



China/US trade
Trade balance (\$bn)
5 month to June

importance of opening Chinese markets through trade agreements and enforcing trade laws. However, with the deficit rising strongly and US presidential elections in November, no progress can be expected this year in negotiations over China's admission to the World Trade Organisation.

Korean police hunt university protest leaders

By John Burton in Seoul
Empty teargas shells littered the driveway of the Graduate School of Education at Seoul's ivy-covered Yonsei university yesterday morning.

THE LEX COLUMN

On top down under

The large demonstration outside Parliament House in Canberra on Monday should not stand in the way of prime minister Mr John Howard. Australians loathe comparisons with their Kiwi neighbours across the Tasman Sea, but he is clearly intent on delivering to Australia some of the radical economic medicine New Zealand has taken over the past decade.



FT-SE Eurotrack 200: 1724.7 (+10.3)

One also needs to take with a pinch of salt Orange's boast of a lower "churn" rate - the proportion of customers who drop out of its network - than its rivals. That is only to be expected since its customers are relatively new and so are still locked into long-term contracts.

Thistle Hotels
Any business with a pedigree like Thistle Hotels (see Mount Charlotte), whose parents have included traders like Mr Jim Slater and Sir Ron Brierley, will attract a degree of suspicion. And in this case, it is probably merited. This is not because Brierley Investments is making a killing from the likely £1.1bn to £1.3bn valuation for the upcoming flotation.

Australia launches budget as violent protest continues

By Nikk Tait in Canberra
Australia's conservative federal government yesterday unveiled its first budget, promising to move federal finances "from a path of deficit and debt" to a \$15bn (\$700m) surplus by 1998-99.

when the demonstrators attempted to enter the Old Parliament House buildings nearby, with some people suffering minor injuries. Mr Costello said squeezing public sector running costs, cutting social welfare programmes and eliminating some tax concessions would reduce the budget deficit to \$45.7bn in the current fiscal year, from \$91.0bn last year.

Prospects rise of cut in German rates

Continued from Page 1
after worsening in June. Salomon Brothers, the US investment bank, said that based on M3, "the Bundesbank has scope to lower the repo rate modestly".

Yet some doubts remained. Mr Holger Fuhrikus, Frankfurt-based economist at Union Bank of Switzerland, said: "A repo cut on Thursday is not a safe bet and there is certainly a risk that the Bundesbank might disappoint the market again, which would put further upward pressure on the D-Mark".

BSkyB
The last few months have gone swimmingly for BSkyB. The satellite broadcaster has seen off the immediate competitive threat in the UK pay-television business by renewing the rights to Premier League football until 2001; it has emerged with barely a slap on the wrist from the UK anti-trust authorities; and it has trusted its way into the German pay-TV market in an alliance with the Kirch Group.

Orange
What is going to get the UK cellular market racing ahead again? According to Orange, all that is needed is more clarity from rivals in explaining to customers what they pay. It professes to be unconcerned by the marked deceleration in the market's growth since the start of the year.

FT WEATHER GUIDE
Europe today
A front accompanied by rain and thunder storms will extend from the Netherlands across Switzerland towards the west coast of Spain. Western France will have sunny periods with thunder showers in the east.

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COMPANIES AND FINANCE: INTERNATIONAL

Kerry Properties doubles net profits

By Louise Lucas in Hong Kong

Kerry Properties, the recently spun-off unit of Malaysia's Kuok Group, yesterday reported net profits of HK\$19.44m (US\$4.3m) for the six months to June 30, more than double the HK\$156.74m for the same period last year.

months to June 30, rather than since July 19, when the reorganisation was completed. Kerry Properties has a diverse portfolio of property assets ranging from godowns, or warehouses, to luxury residential properties. It is also involved in infrastructure projects in Hong Kong and China. The company is confident of reaching its forecast full-year profits of HK\$1.02bn, as most property sales will be booked in the second half.

Mr Kuok Khoo-chen, chairman, said Kerry expected to take part in similar developments. Hong Kong's programme of developing around the new airport link, added to ongoing reclamation of the harbour, will provide opportunities until 1998, when the airport itself will be completed.

In terms of rentals, the group's existing 11 godowns were almost all fully occupied, and directors are confident of letting three new godowns now under way or about to be developed. Godowns will remain an important plank of Kerry Properties, with more sites being acquired as opportunities arise. The company also plans to expand its land bank in the big cities of China.

Li & Fung, one of Hong Kong's oldest trading companies, announced a 19.8 per cent rise in net earnings for the six months to June 30, from HK\$94.24m in the same period last year to HK\$100.9m. In spite of the tough export environment, earnings per share rose 15.79 per cent, from 15.2 cents last year to 17.6 HK cents.

Inti slides to Rp19bn deficit as prices fall

By Manuela Saragosa in Jakarta

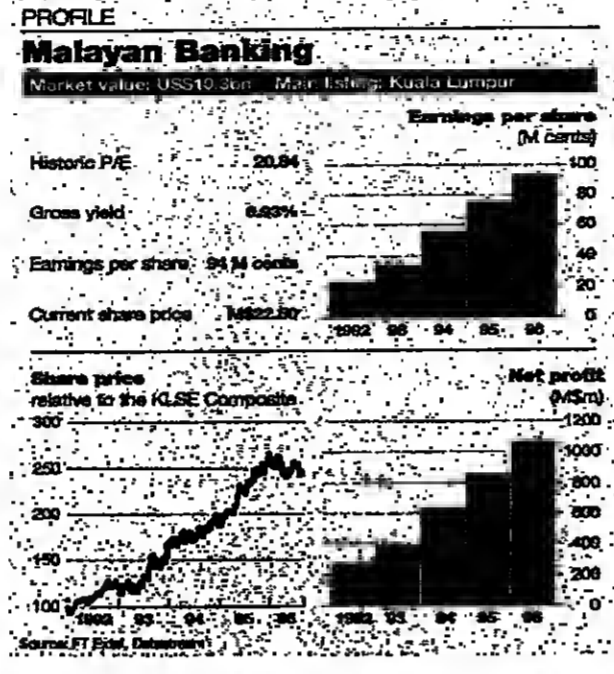
Inti Indorayon, the Indonesian pulp and rayon fibre producer in which New York-listed April has a majority stake, said it recorded a net loss of Rp18.7bn (\$2m) in the first six months of this year, compared with a net profit of Rp89.2bn in the same period last year.

Loans strength drives growth at Malayan bank

By James Kyng in Kuala Lumpur

Malayan Banking, the country's largest commercial bank, yesterday attributed a healthy rise in full-year earnings to greater efficiency in its operations and a steady rate of loan growth. Group net profit rose 24 per cent from M\$363.5m to M\$1.07bn (US\$429.3m) in the year to June 30, narrowly exceeding analysts' forecasts. Pre-tax profit climbed 22 per cent from M\$1.45bn to M\$1.9bn. Earnings per share jumped from 76 Malaysian cents to 94 cents.

industry's average loan growth during the period was about 30 per cent. Maybank achieved only half this during the year, but Mr Amiraham stressed that the bank's loan base was much broader than its competitors' and it could not be expected to match industry growth rates. He predicted that the economy would sustain industry growth levels for the next six months. He added that demand for loans to buy consumer goods was buoyant, suggesting that a government drive to dampen consumption - and thereby reduce imports of consumer goods - may not have been entirely successful.



Malaysian electronics companies have cut production and frozen staff numbers, and a few have closed down. Mr Amiraham urged the central bank to continue its relatively tight monetary policy. The bank has been nudging up interest rates this year, in part to cool an economy which grew at 8.5 per cent last year.

The loss followed a fall in the prices of its products. Production levels in the first half also fell sharply after the company shut down for two weeks of maintenance.

The group awarded a total dividend of 22 cents, compared with 20 cents last year. Group net tangible assets per share were M\$4.90, against M\$4.11.

Mr Amiraham Aziz, managing director, said the cast of Y10.3bn in recurring profits - before extraordinary items and tax - to Y4.5bn on sales of Y45.5bn, compared with a previous forecast of Y36.8bn. The new forecast marks a 57 per cent drop in recurring profits from Y20.9bn and a 14 per cent fall in sales in the previous year of Y114.5bn.

Inti Indorayon, one of the few companies in the world able to switch production between paper pulp and dissolving pulp, said it remained committed to becoming an integrated rayon fibre producer. To meet that goal it must produce its own dissolving pulp; most of the 19,466 tonnes of dissolving pulp it manufactured in the first half was used by the company's own rayon fibre plant.

Reorganisation hits Sony Music

By Michiyo Nakamoto in Tokyo

Shares in Sony Music, a subsidiary of the electronics company, fell yesterday after it revised its Japanese earnings forecast for the year to March because of a large-scale reorganisation programme adopted in April. Sony Music, the leading music software company in Japan, suffered an 11 per cent fall in its share price to Y4,050, after it announced late on Monday that sales in the year to March would be 12 per cent lower than last year, at Y100.5bn (\$931m). In May, it had forecast sales of Y112.8bn.

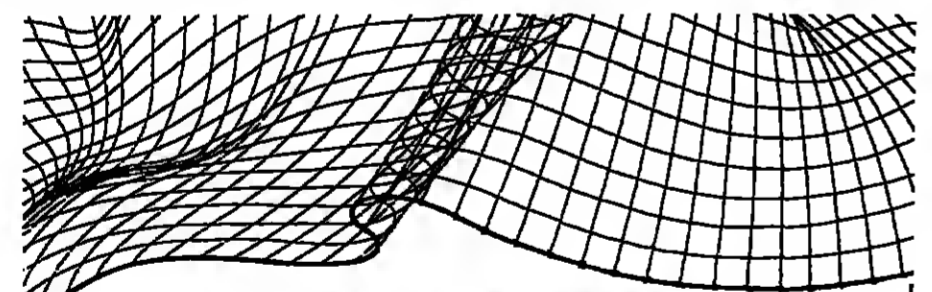
Results for the first half were revised sharply downwards, from an initial forecast of Y103bn in recurring profits - before extraordinary items and tax - to Y45.5bn, compared with a previous forecast of Y36.8bn. The new forecast marks a 57 per cent drop in recurring profits from Y20.9bn and a 14 per cent fall in sales in the previous year of Y114.5bn.

US air fares soar to new heights

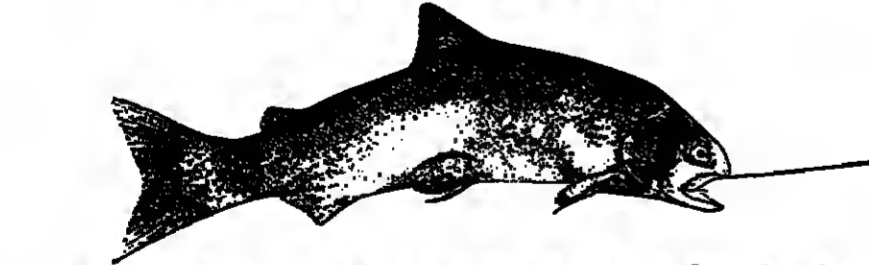
By Richard Tomkins in New York

US air fares have risen to new peaks this year as airlines take advantage of strong demand to push up prices, industry observers say. Last week, US airlines quietly increased domestic fares by about 10 per cent on many routes, apparently in anticipation of the reintroduction of a 10 per cent excise tax on tickets.

American Express's client travel purchasing services group, which monitors air fares for its customers, said that even before the latest increases, typical published business fares had risen 11.9 per cent between January and July this year, taking them to their highest levels since before the "fare wars" of 1992.



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Several municipalities have already turned to private sector contractors to help finance, operate and - in some cases - own water and sewerage systems. Many more are expected to follow.

Canada draws on private water groups' know-how

Water companies from the UK, US and France are streaming into Canada in the hope of benefiting from local authorities' fiscal problems. Several municipalities have already turned to private sector contractors to help finance, operate and - in some cases - own water and sewerage systems. Many more are expected to follow.

Cash-squeezed municipalities have turned to private sector. The local authority, TAP, is short-listed for a similar C\$22m project in Moncton, New Brunswick, as well as plants in Manitoba and south-west Ontario.

APN plans expansion in outdoor advertising

By John Murray Brown in Dublin

Australian Provincial Newspapers, the Australian media group controlled by Mr Tony O'Reilly, the Irish entrepreneur, is seeking to expand its outdoor advertising operations.

NEWS DIGEST

Virgin in S Africa radio consortium

Virgin Radio, owned by Mr Richard Branson, has joined a consortium applying for a commercial radio licence in Johannesburg. The attempt to enter the South African radio market comes as Mr Branson's Virgin airline prepares to start flights from London to Johannesburg in October.

Sales up at Bharat Petroleum

Bharat Petroleum, the Indian oil refinery and petroleum distribution company, lifted sales of petroleum products in the April to July period by 9.6 per cent to 5.04m tonnes, the company said yesterday.

Palm oil group confident

London Sumatra Indonesia, the Indonesian crude palm oil plantation company which listed in Jakarta in July, said net income in the first six months of the year rose 17 per cent on a year earlier, in spite of lower than expected sales volumes.

Weak prices hit Carter Holt

Carter Holt Harvey, the New Zealand-based forestry company controlled by International Paper, of the US, yesterday announced a 64 per cent fall in net profits to NZ\$56m (US\$38.6m) in its first quarter to June 30, from NZ\$156m in the same period last year.

Chosun Brewery reclaims lead

Net profits at Chosun Brewery, the South Korean brewer, fell 27 per cent to Won6bn (\$7.3m) for the first half of 1996. This was in spite of an increase in market share which put it ahead of rival Oriental Brewery for the first time in 30 years.

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Arabic text at the bottom of the page.

COMPANIES AND FINANCE: UK

Thistle plans £500m-£700m public offer

By Soheerzade Daneshkhu
Thistle, the UK's second largest hotel company, is planning a public offer of £500m-£700m (up to \$1.09bn), of which £260m will be new money.

that of Lorrho's Princess Metropole hotels, valued by analysts at £600-£700m.
Thistle yesterday also reported interim pre-tax losses of £63.7m (£12.7m profit), after an exceptional £37.5m write-down of hotels and development sites.

Singapore government agencies, will reduce their 30 per cent stake pro rata. Existing shareholders are likely to end up with 55-60 per cent of the stock.
A recent revaluation of the group's properties by Christie & Co, the surveyors, put assets at £1.65bn - £204.6m below their book value.



Robert Peel, left, with Rodney Price: plan to have 70 Thistle brand hotels by the end of 1998

Halifax hit by competition

By Motoko Flich
Halifax Building Society, the UK's largest, suffered a sharp contraction in its core mortgage market share in the face of intense competition during the first half of the year.

it had decided "not to compete actively" in the market for remortgage clients - accounting for 30 per cent of the total market - where an oversupply of lending capacity led to intense price competition.

from a building society in 1988, Abbey's share fell from 4.2 per cent to 3 per cent in the first half.
Halifax was able to sustain relatively robust net interest margins, which eased slightly from 2.25 per cent in the six months to January 31 to 2.18 per cent in the first six months of 1996.

competition in the market would become more "orderly" and that genuine house buyers were returning to the market. Over the 12 months to June 30, transactions had risen 6 per cent while house prices were up 5.3 per cent in the 12 months to July 31.

BP sells stakes in older fields to Talisman

By Robert Corzine
British Petroleum yesterday sold its interests in three older offshore fields to Talisman, formerly BP Canada, in a deal that could accelerate the departure of North Sea pioneers from mature production areas.

ment to assume operation of the fields.
BP's interests in the fields range from 43 to 65 per cent. The sale includes its 43 per cent share in the Nigg oil terminal in Scotland.

Table with columns: Company, Turnover (£m), Pre-tax profit (£m), EPS (£), Current payment (£), Date of payment, Dividends (£), Total for year, Total last year. Lists companies like Armitage Bros, B&K, Clondalkin, etc.

Projected annual cash flow of \$30m-\$40m is based on an oil price of \$18 a barrel for the US benchmark West Texas Intermediate, which usually trades at about a \$2 a barrel premium to the UK Brent Blend benchmark.

NEWS DIGEST

Unilever likely to lift Lyons bid

Unilever, the Anglo-Dutch consumer goods group, is today expected to announce an increased offer for the minority shares in Lyons Irish Holdings, after failing to receive sufficient acceptances by yesterday's deadline from the minority shareholders in the Irish tea and coffee distributor.

M&G offer for Kepit

M&G, one of the UK's leading unit trust groups, has made an offer to take over Kleinwort European Privatisation Investment Trust.
M&G, which has about £15bn (£23.4bn) under management, plans to allow Kepit investors to switch their shareholdings for units in M&G unit trusts.

Australian sale for Courtaulds

Courtaulds, the chemicals group, is selling its Taubmans architectural coatings business in Australia to Plascon, a subsidiary of Barlow, the South African industrial conglomerate, in a \$34m (\$26.5m) cash deal.

Cornhill acquires Ajax

Cornhill Insurance, the UK subsidiary of Germany's Allianz insurance group, is buying Ajax, a specialist engineering, inspection and insurance company, from Norwich Union for an undisclosed sum.

Wolters Kluwer advertisement. U.S. \$2,200,000,000. Reducing Multicurrency Revolving Credit Facility. Lists various banks and financial institutions.

LEGAL NOTICES. THE HIGH COURT IN THE MATTER OF THE COMPANIES ACT, 1948-1996. Notice is hereby given that the Order of the High Court dated 8 July 1996...

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HAFSLUND. Has acquired 28% of Fellesanlegget Kykkelsrud-Fossumfoss from Oslo Energi AS. Procorp AS acted as adviser to Hafslund ASA.

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National Australia Bank Limited. U.S. \$500,000,000 FLOATING RATE NOTES DUE 1997. Notice is hereby given that the Rate of Interest has been fixed at 5.4% and that the interest payable on the relevant Interest Payment Date November 21, 1996 against Coupon No. 3 will be US\$13.80...

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Orange upbeat as phone war intensifies

By Alan Cane

A new phase in the battle for corporate customers is set to break out among the UK's quartet of mobile phone operators. It will involve the installation of networks of miniature base stations - which receive and transmit signals from telephone handsets - within individual buildings and offices rather than on rooftops and roadside towers.



Hans Snook: Looking for victory in the network war

The new networks will make it possible to make and receive calls in the heart of large buildings and to use mobile handsets as cordless phones within offices. All the UK operators - Vodafone, Cellnet, Mercury One 2 One and Orange - are experimenting with the new technology.

Mr Hans Snook, Orange managing director, said the victor in the network war would be the company which could best navigate its way through the maze of site agreements necessary to install these base stations.

Orange shares moved up 6p to 193p after interim results - the first since its flotation earlier this year - were in line with market expectations. Turnover rose from £100m to £256m, and there was a loss of £125m for the half year to June 30.

T&N moves to exorcise the ghost

Tim Burt and Ralph Atkins on its efforts to find a cost-effective way out of the asbestos legacy

T&N, the specialist engineering and motor components group, is commissioning a detailed study on how to minimise the impact of its legacy as one of Britain's largest asbestos producers. The company, which has seen its profits undermined in recent years by provisions for asbestos claims, has received approaches from a number of leading international insurance brokers offering new methods to curb liabilities arising from the deadly building material.

Despite some notable legal victories, T&N's continued exposure to personal injury claims in Britain and the US has undermined the share price in recent years. It is less than half its 1987 peak of 302p, relegating T&N to the mid 200 index, while rivals such as GKN have outperformed it on the FT-SE 100.

T&N asbestos-related provision

	1995	1996	1997	1998	1999	2000
US property	10.5	10.5	10.5	10.5	10.5	10.5
Canadian property	4	4	4	4	4	4
US personal injury	21	21	21	21	21	21
UK personal injury	4	4	4	4	4	4
Provision	40	40	40	40	40	40

most analysts do not believe T&N faces such large claims, safeguards against such an eventuality would help restore investor confidence. However, protection packages have to be designed to meet individual companies' requirements - so any deal T&N eventually agrees runs the risk of being expensive. T&N is confident that it can secure some sort of cover, but it is not relying solely on potential insurance to protect itself from asbestos costs.

7 1/2% TREASURY STOCK 2006

ISSUE OF £2,500,000,000

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER FOR AUCTION ON A BID PRICE BASIS ON 28 AUGUST 1996

PAYABLE IN FULL WITH APPLICATION

With a competitive bid
With a non-competitive bid

Price bid plus accrued interest
£103 per £100 nominal of Stock

This Stock will, on issue, be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 29 August 1996.

Government has decided in principle to introduce such a facility and had also decided that any securities made available through any such facility would be exempt from withholding tax and from the quarterly accounting arrangements which were introduced with effect from 2 January 1996 in connection with sale and repurchase agreements for gilt-edged securities. It was further announced on 13 August 1996 that dividends due to be paid on 7 June 1997 and thereafter on gilts intended to be scrippable would be paid without deduction of United Kingdom income tax and would be exempt from those quarterly accounting arrangements. This includes 7 1/2% Treasury Stock 2006. Her Majesty's Treasury issued the requisite directions under Section 50 of the Income and Corporation Taxes Act 1988 in respect of this Stock on 13 August 1996. The starting date for an official scrip facility will be announced in due course.

of price and Stock will be sold to applicants whose competitive bids are at or above the lowest price at which the Bank of England decides that any competitive bid should be accepted (the lowest accepted price). APPLICANTS WHOSE COMPETITIVE BIDS ARE ACCEPTED WILL PURCHASE STOCK AT THE PRICES WHICH THEY BID (PLUS ACCRUED INTEREST); competitive bids which are accepted in full, competitive bids which are accepted and which are made at the lowest accepted price may be satisfied in full or in part only.

in each case to the payment of his cheque or receipt of his CHAPS payment, or to the receipt of satisfactory evidence of identity as appropriate, but such notification will confer no right on the applicant to transfer the Stock so allocated. Certificates will be sent by post at the risk of the applicant.

APPLICATION FORM. Complete Section 1 or 2, plus Sections 6 and 8. Sections 3, 4, 5 and 7 should also be completed where appropriate. TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

REGULATED FINANCIAL INSTITUTIONS ONLY. THIS SECTION TO BE COMPLETED BY ALL APPLICANTS. I/We request that Stock 2006 to be registered in the undermentioned name(s) and that any certificate be sent by post at my/our risk to the first named holder at the address shown below.

DETAILS OF APPLICANT(S). FORENAM(E)S AND SURNAME(S). ADDRESS (including postcode). REGISTRATION DETAILS. CAPITAL LETTERS PLEASE.

NOTES. A competitive bid may not be made by an applicant as agent for any third party unless the applicant is a member of the CGO or is a UK or EEA regulated financial institution.

Various advertisements on the left margin including 'Liliver likely to lift Lyons bid', 'HAFSLUND', and 'National'.

Handwritten note in Arabic: 'صكنا من الاعل'

Treasuries fall as Fed leaves rates unchanged

By Richard Waters in New York and Samer Iskander and Susanna Voyte in London
The long bond, which came in response to US international trade figures for June...

The Bank of Italy hinted slightly this summer that it would cut official interest rates again when the inflation rate approached 3 per cent.
UK gilts ended a quiet day slightly lower, as uncertainty over the outcome of the FOMC meeting weighed on market sentiment.

German bunds weakened slightly, in spite of the release of encouraging money supply data.
The weakness of the rand continued to drive activity on the South African market yesterday. Bonds mirrored the state of the currency...

Lithuania given finer terms on revolving credit

The stream of emerging market borrowers coming to the international syndicated loans market shows no sign of abating.
Over the last week, banks have launched facilities for Lithuania, Telekom Slovenia, and Tunisia.

SYNDICATED LOANS

Lithuania's \$75m revolving credit facility is the first broadly syndicated transaction from the Baltic states.
The loan has a life of one year and one day, but the borrower has an option to extend it by another year.

Coventry Building Society makes a rare appearance

Among the sparse new offerings, Coventry Building Society made a rare appearance in the sterling sector with \$100m of five-year floating-rate notes.
It replaces a \$100m issue which was called yesterday, making it the only outstanding Coventry deal in the market.

Another retail-targeted transaction was a NZ\$400m issue for Commerzbank - the German bank's first appearance in the New Zealand dollar sector.
Pricing of the bonds at five basis points over New Zealand government

merchbank is rated Aa2/Aa- and Manitoba A1/A+.
South Africa's Department of Finance has appointed Merrill Lynch as lead manager of its forthcoming Yankee bond issue - its first

INTERNATIONAL BONDS

Lead manager HSBC Markets said Coventry last year jointly topped UBS's annual survey of UK building societies with the Halifax Building Society.
Moreover, the offering followed Monday's announcement of well-received interim results, it said.

WORLD BOND PRICES

Table with columns for Country, Coupon, Maturity, Price, Yield, and other bond metrics.

FT-ACTUARIES FIXED INTEREST INDICES

Table showing fixed interest indices for various maturities and currencies.

FT FIXED INTEREST INDICES

Table showing fixed interest indices for various maturities and currencies.

US INTEREST RATES

Table showing US interest rates for various maturities and instruments.

UK GILTS PRICES

Table showing UK gilt prices for various maturities and issues.

FT/ISMA INTERNATIONAL BOND SERVICE

Table listing international bond service details and prices.

FT EDGED ACTIVITY INDICES

Table showing edged activity indices for various markets.

BOND FUTURES AND OPTIONS

Table showing bond futures and options prices for various contracts.

Other Fixed Interest

Table showing other fixed interest rates and yields.

Other Fixed Interest

Table showing other fixed interest rates and yields.

CONVERTIBLE BONDS

Table showing convertible bond prices and details.

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CURRENCIES AND MONEY

MARKETS REPORT

Trade figure surprise boosts US dollar

By Richard Adams

An unexpectedly sharp fall in the US trade deficit helped push the dollar higher against the Japanese yen, when most attention was focused on money supply data and interest rate decisions.

Coming ahead of yesterday's Federal Open Market Committee meeting in Washington yesterday, the deficit data finally took the dollar over Y108, after being range-bound in recent weeks.

At the close of trading in London, the dollar was at Y108.350, from Y107.950 the previous day. But the dollar was muted against European currencies, ending against the D-Mark at DM1.4883, from DM1.4882. Against sterling it was worth \$1.5472, from \$1.5465.

The slight D-Mark weakness came after the announcement of long-awaited German money supply figures.

The decline in M3 growth was accurately anticipated by the markets, after comments earlier this month by Mr Otmar Issing, the Bundesbank's chief economist, that it would fall.

In Australia, the new conservative government's first budget proved to be a disappointment for those expecting large spending cuts. Mr Peter Costello, the federal treasurer, held out hopes of interest rate cuts to come, and the Australian dollar fell against the US dollar in London, ending at A\$1.2718, from A\$1.2683.

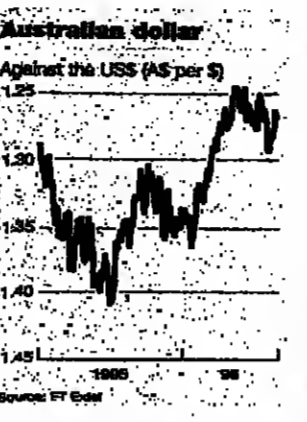
The only game in town continues to be Bundesbank.

Table with 4 columns: Date, Rate, Change, Prev. close. Shows M3 growth for Germany, Australia, and US.

watching - at least for the next 24 hours. European cross trades continued to be dominated by expectations of a cut in the repurchase rate or a move by the bank to a variable repurchase rate sooner or later.

Germany's July M3 growth fell to 8.6 per cent year-on-year, from 9.6 per cent in the previous month. The M3 fall may herald a cut by the Bundesbank in its repo rate at its central council meeting tomorrow. But rumours circulated in the markets that today's Ifo German business sentiment survey would be very strong. That, if true, would reduce the chances of a rate cut tomorrow.

Some areas of the market appear to have already discounted a relatively big rate cut. But Ms Alison Cottrell, international economist at Paine Webber in London, warns that those expectations risk disappointment.



Source: FT Data

She is expecting a cut of only 5 basis points, after the bank's success in talking the D-Mark down in recent months. "They've exhausted their barking potential, and now they've got to have some bite," she said. The bank could also include a switch to a variable repo rate within the next week or two.

Ms Cottrell said the Bundesbank would also be looking to help France after its recent currency travails, not for political reasons but because economic recovery in both countries is vulnerable.

The US trade deficit in goods and services declined to \$8.11bn, from a revised \$10.55bn gap in May. Analysts had expected a \$9.4bn deficit in June. A further sign that the economy is not as robust as was thought two or three months ago, he said.

The Australian government's budget turned out to be a victim of its own success, as analysts pronounced

disappointment with the final deficit figure of A\$5.65bn and a headline surplus of A\$174m for 1996-97. The disappointment followed speculation of further spending cuts, to get the deficit below A\$5bn.

Mr Peter Costello, the treasurer, said he would like an interest rate cut by the end of 1996. "I'd like that to be an outcome and I am going to do the best to make sure we are going to get it," he said.

Mr Costello said a rate cut was possible when the budget was passed by the Senate, the Australian parliament's upper house. That puts pressure on opposition parties in the Senate not to block the new measures.

WORLD INTEREST RATES

Table of Money Rates for various countries including Belgium, France, Germany, Italy, Netherlands, Switzerland, US, and Japan. Columns include Over-night, One month, Three months, Six months, One year, and Last rate.

Table of LIBOR FT London and US Dollar CD's rates for various maturities.

Table of Euro Currency Interest Rates for various countries including Belgium, France, Germany, Italy, Netherlands, Spain, and UK.

POUND SPOT FORWARD AGAINST THE POUND

Table showing Pound Spot Forward rates against the Pound for various countries and currencies.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot Forward rates against the Dollar for various countries and currencies.

CROSS RATES AND DERIVATIVES

Table of Exchange Cross Rates for various countries and currencies.

UK INTEREST RATES

Table of London Money Rates for various currencies and maturities.

EUROPEAN CURRENCY UNIT RATES

Table of European Currency Unit rates for various countries.

NON ERM MEMBERS

Table of Non ERM member interest rates for various countries.

BASE LENDING RATES

Table of Base Lending Rates for various banks and currencies.

THREE MONTH EUROMARKET FUTURES (LFFE) DM100 points of 100%

Table of Three Month Euromarket Futures (LFFE) DM100 points of 100%.

THREE MONTH EUROLIBOR FUTURES (LLEF) £100m points of 100%

Table of Three Month Eurolibor Futures (LLEF) £100m points of 100%.

THREE MONTH EUROFRANC FUTURES (LEFF) SFR100m points of 100%

Table of Three Month Eurofranc Futures (LEFF) SFR100m points of 100%.

THREE MONTH EUROYEN FUTURES (LEYF) ¥100m points of 100%

Table of Three Month Euroyen Futures (LEYF) ¥100m points of 100%.

THREE MONTH EUROUSD FUTURES (LEUF) \$100m points of 100%

Table of Three Month Eurousd Futures (LEUF) \$100m points of 100%.

Advertisement for Berkeley Futures Limited, offering futures and options trading services.

Advertisement for Futures & Options, featuring a \$32 Round Turn offer.

Advertisement for Knight-Ridder's Futures Market Data, providing real-time market information.

Advertisement for Futures - Tax Free, highlighting tax advantages for futures trading.

Advertisement for Offshore Companies, offering corporate services and tax planning.

Advertisement for Petroleum Argus Oil Market Guides, providing comprehensive market analysis.

Advertisement for Signal, offering real-time quotes and news for various markets.

Advertisement for Reuters 1000, providing fast and reliable news and data.

Advertisement for Private Finance Initiative, promoting investment opportunities in infrastructure.

Advertisement for The Financial Times plans to Publish a Survey on, highlighting the importance of public sector investment.

Advertisement for P.T. Bank Negara Indonesia, Hong Kong Branch, offering floating rate notes.

Advertisement for Fujii Bank (Luxembourg) S.A., providing banking services and listing agent information.

Offshore Funds and Insurances

FT Cityline Unit Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

Table listing various offshore funds including TSS Fund Managers (UK) Ltd, FT Asset Management (Luxembourg) Ltd, and FT Investment Management (UK) Ltd. Columns include fund names, unit prices, and performance metrics.

Table listing Luxembourg (SIB RECOGNISED) funds, including FT Asset Management (Luxembourg) Ltd and FT Investment Management (UK) Ltd. Columns include fund names, unit prices, and performance metrics.

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Table listing Luxembourg (REGULATED) funds, including FT Asset Management (Luxembourg) Ltd and FT Investment Management (UK) Ltd. Columns include fund names, unit prices, and performance metrics.

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Table listing Special Securities funds, including FT Asset Management (Luxembourg) Ltd and FT Investment Management (UK) Ltd. Columns include fund names, unit prices, and performance metrics.

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Table listing FT Investment Management (UK) Ltd funds, including FT Investment Management (UK) Ltd and FT Asset Management (Luxembourg) Ltd. Columns include fund names, unit prices, and performance metrics.

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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 177) 873 4378 for more details.

Main table listing various fund categories such as Global Asset Management, Global Equity, Global Bond, and Global Income. Each entry includes fund names, dates, and numerical values.

Handwritten Arabic text: 'صكنا من الالاه'

Vertical handwritten text: 'given is on credit'

GUCCI advertisement featuring a watch image and text: 'GUCCI WATCHES ARE AVAILABLE FROM GUCCI BOND STREET, W.I., GUCCI LOANE STREET, S.W.I., HANNOIS AND SELBIDGE...'

OTHER OFFSHORE FUNDS

Table listing various offshore fund categories including ATSP Management Ltd, AXA Asset Management, and others, with associated fund names and values.

MANAGED FUNDS NOTES: Detailed disclaimer and information regarding the funds, including risks and performance metrics.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the ALCOHOLIC BEVERAGES sector, including names like Diageo and public limited companies, with columns for share prices and changes.

CHEMICALS - Cont.

Table listing companies in the CHEMICALS sector (continued), including names like ICI and public limited companies.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing companies in the ELECTRONIC & ELECTRICAL EQPT sector (continued), including names like Philips and public limited companies.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the EXTRACTIVE INDUSTRIES sector (continued), including names like Anglo American and public limited companies.

HOUSEHOLD GOODS - Cont.

Table listing companies in the HOUSEHOLD GOODS sector (continued), including names like Hoover and public limited companies.

INVESTMENT TRUSTS - Cont.

Table listing companies in the INVESTMENT TRUSTS sector (continued), including names like Fidelity and public limited companies.

BANKS, MERCHANT

Table listing companies in the BANKS, MERCHANT sector, including names like Royal Bank and public limited companies.

DISTRIBUTORS

Table listing companies in the DISTRIBUTORS sector, including names like Johnson Matthey and public limited companies.

ENGINEERING

Table listing companies in the ENGINEERING sector, including names like BHP and public limited companies.

FOOD PRODUCERS

Table listing companies in the FOOD PRODUCERS sector, including names like Unilever and public limited companies.

INSURANCE

Table listing companies in the INSURANCE sector, including names like AXA and public limited companies.

BREWERIES, PUBS & REST

Table listing companies in the BREWERIES, PUBS & REST sector, including names like Carlsberg and public limited companies.

DIVERSIFIED INDUSTRIALS

Table listing companies in the DIVERSIFIED INDUSTRIALS sector, including names like British Petroleum and public limited companies.

ENGINEERING, VEHICLES

Table listing companies in the ENGINEERING, VEHICLES sector, including names like Ford and public limited companies.

EXTRACTIVE INDUSTRIES

Table listing companies in the EXTRACTIVE INDUSTRIES sector, including names like Anglo American and public limited companies.

INVESTMENT TRUSTS

Table listing companies in the INVESTMENT TRUSTS sector, including names like Fidelity and public limited companies.

BUILDING & CONSTRUCTION

Table listing companies in the BUILDING & CONSTRUCTION sector, including names like Bovis Lend Lease and public limited companies.

DIVERSIFIED INDUSTRIALS

Table listing companies in the DIVERSIFIED INDUSTRIALS sector, including names like British Petroleum and public limited companies.

ELECTRICITY

Table listing companies in the ELECTRICITY sector, including names like British Nuclear Fuels and public limited companies.

ENGINEERING - Cont.

Table listing companies in the ENGINEERING sector (continued), including names like BHP and public limited companies.

FOOD PRODUCERS - Cont.

Table listing companies in the FOOD PRODUCERS sector (continued), including names like Unilever and public limited companies.

BUILDING MATS & MERCHANTS

Table listing companies in the BUILDING MATS & MERCHANTS sector, including names like Bovis Lend Lease and public limited companies.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the ELECTRONIC & ELECTRICAL EQPT sector, including names like Philips and public limited companies.

ENGINEERING, VEHICLES

Table listing companies in the ENGINEERING, VEHICLES sector, including names like Ford and public limited companies.

EXTRACTIVE INDUSTRIES

Table listing companies in the EXTRACTIVE INDUSTRIES sector, including names like Anglo American and public limited companies.

GAS DISTRIBUTION

Table listing companies in the GAS DISTRIBUTION sector, including names like British Gas and public limited companies.

HEALTH CARE

Table listing companies in the HEALTH CARE sector, including names like Glaxo and public limited companies.

HOUSEHOLD GOODS

Table listing companies in the HOUSEHOLD GOODS sector, including names like Hoover and public limited companies.

INV TRUSTS SPLIT CAPITAL

Table listing companies in the INV TRUSTS SPLIT CAPITAL sector, including names like Fidelity and public limited companies.

Advertisement for 'On TIME.' with the text 'On TIME.' in a large, stylized font.

Table listing various financial data, likely exchange rates or interest rates.

Table listing various financial data, likely exchange rates or interest rates.

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صحة من الاعمال

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INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with split capital, including columns for name, price, and other financial metrics.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and other financial metrics.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and other financial metrics.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and other financial metrics.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies (continued).

LIFE ASSURANCE

Table listing life assurance companies with columns for name, price, and other financial metrics.

MEDIA

Table listing media companies with columns for name, price, and other financial metrics.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for name, price, and other financial metrics.

OIL INTEGRATED

Table listing oil integrated companies with columns for name, price, and other financial metrics.

OTHER FINANCIAL

Table listing other financial companies with columns for name, price, and other financial metrics.

PROPERTY - Cont.

Table listing property companies (continued).

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PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for name, price, and other financial metrics.

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TELECOMMUNICATIONS

Table listing telecommunications companies with columns for name, price, and other financial metrics.

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AMERICANS

Table listing American companies with columns for name, price, and other financial metrics.

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Advertisement for Rockwell avionics, featuring the text 'Every major world airline flies with Rockwell avionics.' and the Rockwell logo.

GUIDE TO LONDON SHARE SERVICE

Notes for the London Share Service... This service is available to companies whose shares are regularly traded on the London Stock Exchange for a list of 1200+ companies...

LONDON STOCK EXCHANGE

MARKET REPORT

Footsie glides to intra-day and closing peaks

By Steve Thompson, UK Stock Market Editor

Increasing optimism that the US Federal Reserve would refrain from increasing interest rates following its open market committee meeting helped propel UK stocks sharply higher yesterday, driving the FT-SE 100 to all-time intra-day and closing highs.

London was additionally helped along by mildly encouraging UK economic data, showing slightly better-than-expected M4 money supply figures for July.

Those numbers gave a measure of support to the gilts market, which remained steady throughout the session, before easing during the afternoon following details of the next gilts auction, scheduled for next Wednesday.

At the close of a session which saw a relatively modest but nevertheless welcome increase in turnover, the FT-SE 100 index finished 19.5 up at a record closing high of 3,883.2.

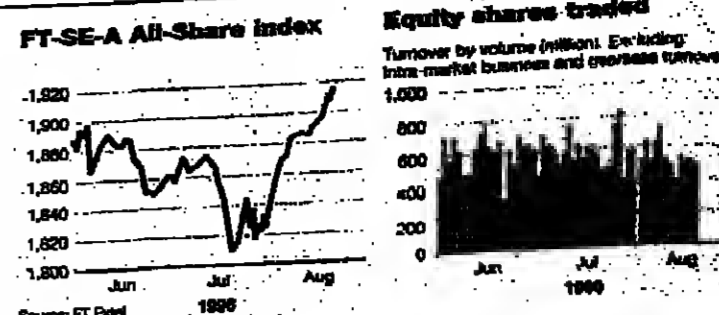


Table with 2 columns: Index and Ratio, and Value. Includes FT-SE 100 (3883.2), FT-SE Mid 250 (4355.3), FT-SE A 350 (1941.8), FT-SE A All-Share (1917.75), FT-SE A All-Share yield (3.84), FT Ordinary index (2819.8), FT-SE A Non Fin p/e (17.36), FT-SE 100 Div Yld (2.78), 10 yr Gilt yield (4.78), Long gilt/quality yield ratio (2.12).

Housing boost at Abbey

By Peter John, Joel Kibazo and Lisa Wood

Abbey National, the building society-turned-bank, moved smartly forward as dealers began to factor in its exposure to the blossoming housing market.

today its proposals for price cuts at TransCo, the pipeline business which makes up most of Gas's business.

ports, British Airways came under pressure on fears that next week's "open skies" talks between the UK and USA could end in failure to reach an agreement between the two countries.

broker recommendations and dealers saying that HSBC James Capel was recommending a switch out of BP - a very strong performer over the past few weeks.

against the Swedish krona against European currencies, and rising competitive pressures in the in the welding consumables market have all increased our confidence that margins are not sustainable.

group reported figures at the top end of analysts' forecasts. There was also relief that they contained "no nasty" surprises.

Grand Metropolitan climbed 15 to 477p ahead of today's presentation on its food activities.

Shell record

Oil major Shell Transport sped to a new closing peak yesterday as the impact of a strong crude price helped the shares.

Several analysts pointed out that the concerns over the talks were already factored into the current share price but this did little to allay the fears.

Shares in Charter hunkered the market trend and fell 9 to 857p as a negative note from NetWest Securities did the rounds in the market yesterday.

Urging investors to reduce holdings, NatWest said: "Unfavourable trading conditions in Europe, gross margins depressed by the pressure of the Swedish krona against European currencies, and rising competitive pressures in the in the welding consumables market have all increased our confidence that margins are not sustainable."

BT rose 4 to 562p, after reports that Robert Fleming Securities had put the stock on its "buy" list.

Satellite broadcaster BSkyB eased 2 to 535p in spite of sparkling profits. There was some disappointment over the final dividend, which at 5.5p was a penny below the most aggressive forecasts.

United Friendly and Refuge added 26 to 790p and 7 to 403p despite apparent opposition to the merger by one big shareholder.

Caution on Gas

British Gas failed to participate in the Footsie's latest lurch forward as regulatory worries lay heavy on the stock.

Consequently, the recent rally from May's seven-year low could be the last for some time. Yesterday, with the shares at 196p, they had underperformed the broad market by over 35 per cent over the past year.

Whispers of a US stake builder in Railtrack saw the shares put on 5% to 225 1/2p. Specialists were unable to confirm whether an interested party was indeed building a stake in the UK group that was privatised in May.

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Financial Times Equity Indices

Table with 2 columns: Index and Value. Includes Ordinary Share (2818.8), Ord. div. yield (4.04), P/E ratio (16.29), Ordinary Share Index since completion (190.29).

Table with 2 columns: Index and Value. Includes SEAD bargains (31,741), Equity turnover (144,252), Equity bargains (36,534), Shares traded (461.3).

Table with 2 columns: Index and Value. Includes FT-SE AIM (1070.50), FT-SE 100 (3883.2), FT-SE Mid 250 (4355.3), FT-SE A 350 (1941.8).

Table with 2 columns: Index and Value. Includes FT-SE All-Share (1917.75), FT-SE All-Share yield (3.84), FT Ordinary index (2819.8).

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Table with 2 columns: Index and Value. Includes Long gilt/quality yield ratio (2.12).

Large advertisement for FT Business Research Centre. Headline: 'Unable to find what you are hunting for?'. Text: 'If you were not aware that the Financial Times offers this service, we are pleased to tell you that we do - and at the same competitive prices as in 1994. As a client of the Business Research Centre, you can specify the statistics, news and analysis you want to receive, meeting your deadlines - international information or domestic data: one-off reports or a monitoring programme. If you have a current project, why not fax us details for a cost estimate without obligation?' Includes contact details for Nick Aldrich and a coupon for a free cost estimate.

FUTURES AND OPTIONS

Table with 2 columns: Index and Value. Includes FT-SE 100 INDEX FUTURES (LIFFE) C25 per full index point, FT-SE MID 250 INDEX FUTURES (LIFFE) C10 per full index point, FT-SE 100 INDEX OPTION (LIFFE) C38C3 C10 per full index point.

TRADING VOLUME

Table with 2 columns: Index and Value. Includes Major Stocks Yesterday, listing various stocks and their trading volumes.

LONDON RECENT ISSUES

Table with 2 columns: Issue and Value. Lists recent issues such as FT-SE 100, FT-SE Mid 250, FT-SE A 350, FT-SE A All-Share.

FT-SE MINES INDEX

Table with 2 columns: Index and Value. Lists mining-related indices and their values.

FT-SE Actuarial Share Indices

Table with 2 columns: Index and Value. Lists actuarial share indices such as FT-SE 100, FT-SE Mid 250, FT-SE A 350.

The UK Series

Table with 2 columns: Index and Value. Lists various UK series indices.

Hourly movements

Table with 2 columns: Index and Value. Lists hourly movements for various indices.

FT-SE Actuarial 350 Industry baskets

Table with 2 columns: Index and Value. Lists industry baskets such as Bldg & Constrn, Pharmaceuticals, Retail.

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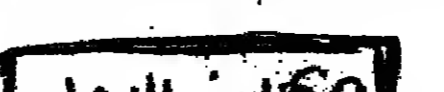
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Additional information on the FT-SE Actuarial Share Indices

Additional information on the FT-SE Actuarial Share Indices is published in Saturday issues. The FT-SE Actuarial Share Indices are calculated by FT-SE International Limited in conjunction with the Faculty of Actuaries and the Institute of Actuaries.



صكيات الامل

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

Table of world stock markets including sections for EUROPE, ASIA, PACIFIC, and AFRICA. Each section lists various countries and their respective stock indices with columns for high, low, and percentage change.

Advertisement for Peregrine Asian Income securities. Text: 'Fixed on Asian Income. Peregrine has the largest team of professionals dedicated to the origination and distribution of Asian fixed income securities. PEREGRINE Asian focus, global distribution.'

INDICES table showing various regional and global indices like Nikkei, Dow Jones, and FTSE 100 with their current values and percentage changes.

US INDICES table providing detailed data for US market indices such as S&P 500, Dow Jones Industrial Average, and various sector-specific indices.

Table of active stocks in various markets including South Korea, Taiwan, Thailand, and North America, listing stock names, prices, and changes.

Index Futures and Market Watch sections. Includes 'INDEX FUTURES' with data for CAC-40, Nikkei, and Dow Jones, and 'MARKET WATCH' with data for various international stock markets.

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock symbols, prices, and changes. Includes sub-sections for various market indices and sectors.

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صكبات الامل

Continued on next page

صحة من الاجل

NYSE PRICES

NASDAQ NATIONAL MARKET

Continued from previous page. Table with columns: Stock, Bid, Ask, High, Low, Change. Includes various financial stocks like American Express, Citicorp, etc.

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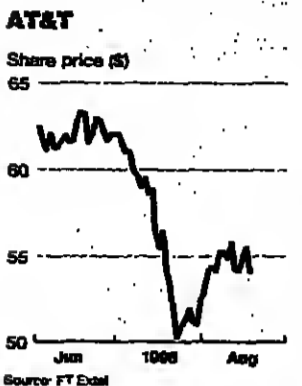
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AMERICA US stocks edge forward at midsession

The Dow Jones Industrial Average continued to edge ahead in very light trading as the US financial markets awaited the outcome of the latest Federal Open Market Committee meeting, writes Richard Waters.



markets generally marked time. The index of leading stocks continued where it had left off on Monday, a day which had seen the second-lowest trading volume of the year.

The Dow's advance during the morning was driven largely by gains among companies whose earnings are most directly tied to the economic cycle. That reflected the general belief that US short-term interest rates will remain unchanged, at least until after November's presidential election.

Among the highest movers, Alcoa rose 3 1/2% to 62 1/2, while Caterpillar 3% to 57 1/4.

Mexico sets record

Equities in MEXICO CITY remained strong and by mid-session the IPC index had set a new all-time intraday high, up 59.39 or 1.8 per cent at 3,384.06.

Jo'burg industrials retreat

Industrials bore the brunt of the session's fall as the domestic currency came under renewed pressure. The overall index tumbled 76 to 6,445, its lowest level since early January, as the industrial index shed 88 to a nine-month low of 7,650.

and Du Pont 3 1/2% to \$33 1/4. AT&T, which had been the biggest decliner in the Dow on Monday, recovered some of its lost ground, adding 3/4 to \$54 1/4. That repaired some of the damage done by the departure of its highly regarded president, Mr Alex Mandl, who left to join Associated Communications, a new wireless telecommunications company.

The general mood of optimism about interest rates contributed to a good morning for bank stocks. Chase Manhattan rose 3/4 to \$77 1/4, a new high, while First Bank System was 3/4 higher at \$63 1/4. Wells Fargo rose another 3/4 to \$26 1/4.

Another group to record solid gains were the tobacco stocks, which showed a further partial rebound from the sharp drops precipitated by an adverse court ruling 12 days ago.

Canada Toronto put its faith in resource stocks. Its metals and minerals index was a percentage point ahead at noon. Gold and precious metals, and oil and gas were just behind as the TSE 300 composite index rose 18.47 to 5,138.04 in volume of 38.5m shares, up from 37.7m.

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EUROPE Rate hopes take Paris through 2,000 level

Hopes of a cut in interest rates later in the week helped PARIS break convincingly through the 2,000 level. The CAC-40 index rose 33.05 to 2,019.26, its highest point since the start of the month, when equities began to feel the effects of a speculative attack on the franc.

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FT-SE Actuaries Share Indices

Table with columns for Date, FT-SE Actuaries 100, FT-SE Actuaries 200, and FT-SE Actuaries 300. Rows show data for August 20, 21, and 22, 1996.

recovery after Monday's losses. The Mibtel index rose 48 to 9,593 while the Comit index improved 1.50 to 602.2. Turnover remained low at about L70bn.

Stocks in the telecommunications sector rebounded with Stet up 1.5 to L4,705 and Sirti, the telephone equipment manufacturer, gaining L25 to L4,300. Telecom Italia jumped L10 to L4,935 while TIM, the cellular telephone company, made L35 to L4,170.

ASIA PACIFIC Short covering helps Nikkei regain lost ground



ing to an intraday high of A\$17.75 before slipping back to A\$17.53, a rise of 1 cent. HONG KONG was lifted by a rally in utilities and the Hang Seng index broke through the 11,300 level for the first time since March.

London, the ISE/Nikkei 50 index rose 2.95 to 1,119.00. A decline in brokerage issues reflected concern about the lack of market activity, and its effect on the sector's earnings. Yamaichi Securities lost Y16 to Y709 and Nikko Y10 to Y1,190.

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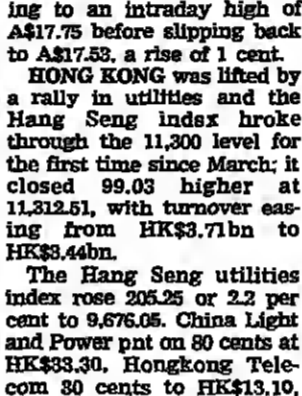
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will report interim earnings tomorrow, amid F12.50 or 3 per cent to F182.50. Analysts said they expected the group to show a rise of up to 15 per cent in its first half profits, mainly owing to earnings growth from its life insurance activities.

ING, which also reports interim earnings tomorrow, rose 40 cents to F155.20, with forecasts of a gain of between 22 per cent to 29 per cent over the six month period.

Among transport stocks Pakhoed made F11.70 to F14.50 in spite of reporting a sharply lower first half profit due to a one-off restructuring charge. Analysts said they were confident that the company would show a substantial improvement in the second half during 1997. They pointed to improvements in chemical storage perfor-

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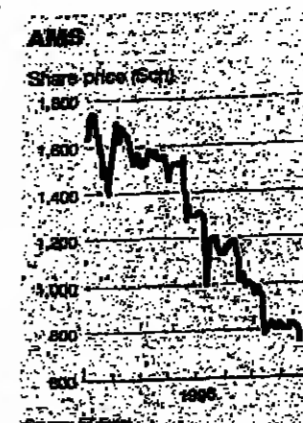
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man and the conclusion of a long-term contract in Singapore as good omens for future growth.

Nedlloyd, due to report earnings today, rose 50 cents to F135, while Van Ommen improved 40 cents to F165.50 as its first half figures came in line with expectations.

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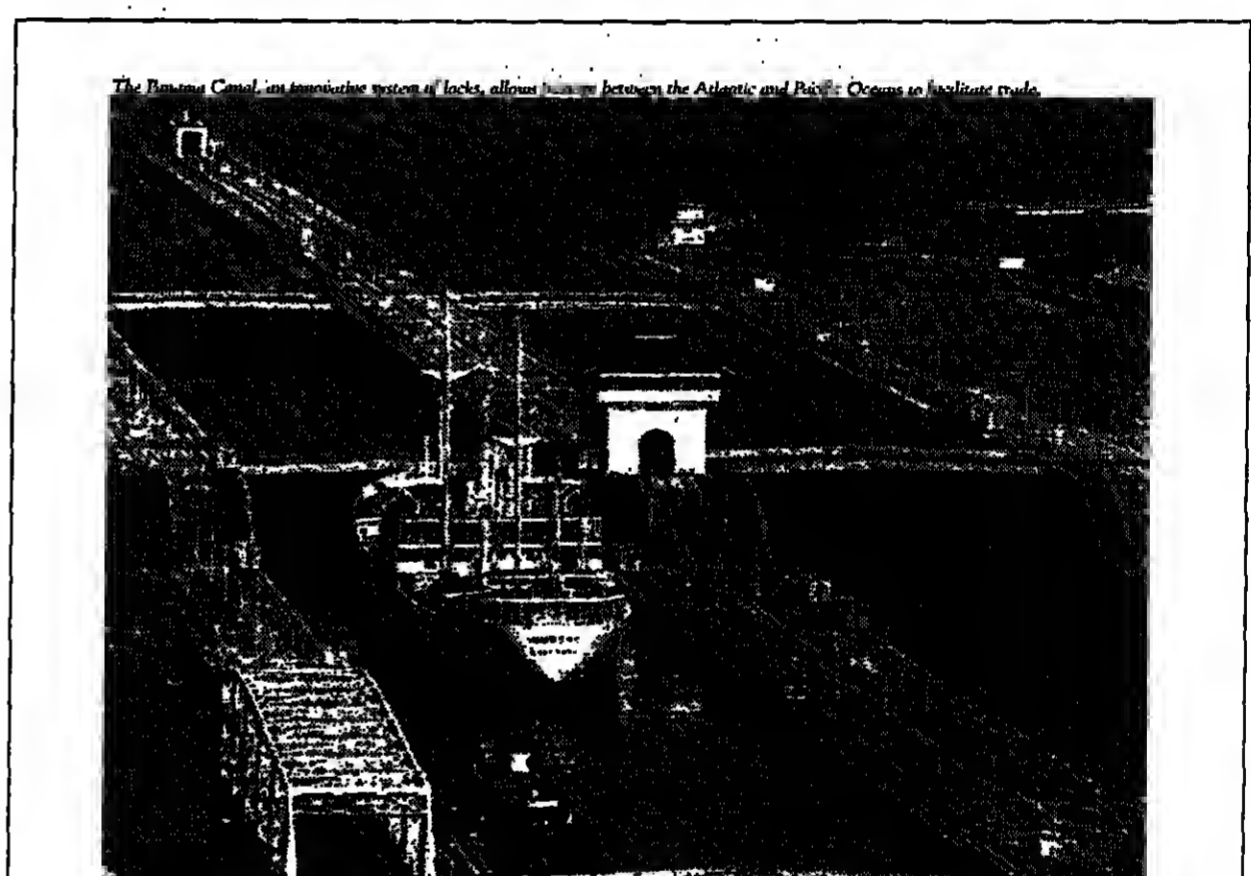
way to its fifth consecutive all-time closing high, the KFX index ending 0.39 up at 120.59 with Unibank DKr2 better at DKr272 on better than expected interim profits.

ATHENS broke resistance at 900, closing 2.5 per cent higher in the expectation of political stability and a serious effort to tackle pending economic problems. The Greek prime minister, Mr Costas Simitis, will decide this week whether to call early elections next month.

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FT/S&P ACTUARIES WORLD INDICES

Table showing FT/S&P Actuaries World Indices for Monday August 19 1996 and Friday August 16 1996. Columns include Regional Markets, US, and Dollar Index.



The Panama Canal, an intricate system of locks, allows shipping between the Atlantic and Pacific Oceans as facilitating trade.

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